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CIA-GLOCAL VENTURE LLP

An accredited Global Management Consultancy &Financial Cum Infra-Advisory

NEWSLETTER

Real | Valuable | Sustainable

FROM THE DESK

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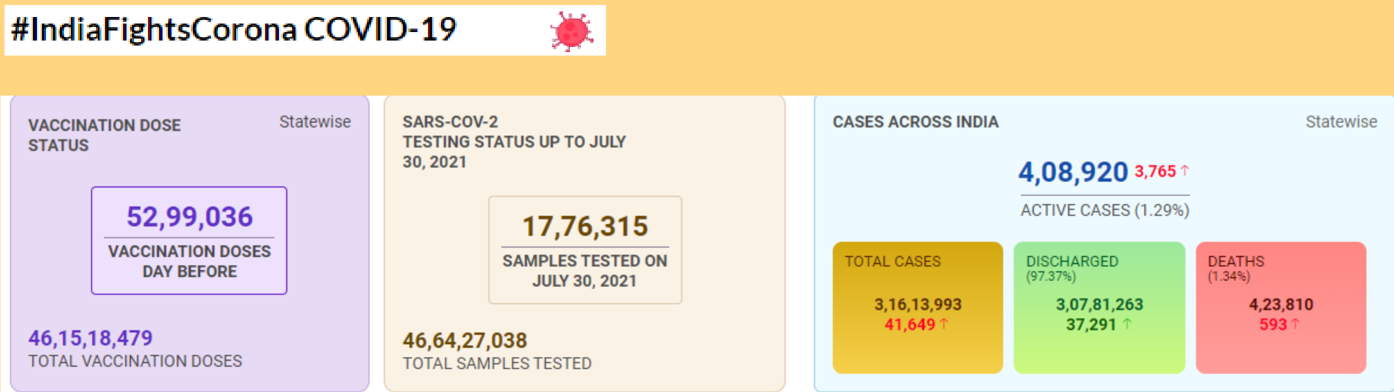
CIA-GLOCAL VENTURE LLP

India is the only G20 Country on track to meet the goal of limiting global warming by 2 degrees Celsius. India has reduced 24% of its emission intensity relative to GDP from 2005 levels – out of a target of 33-35%. The last six years witnessed the fastest growth (2.5 times) in renewable energy capacity among large economies. Solar energy expanded over 13 times. According to a recent survey conducted by Bridge to India - renewable energy consultancy, India is expected to add 68 GW of renewable capacities in the next five years (News covered in 'Energy' section). Many companies in India are investing in Clean Energy, accelerating their plans towards growth in Clean Energy. This will help India to emerge as a Global Leader in Sustainable Energy.

In India, ESG Investment was introduce as a risk-management tool. Although ESG is still at an early stage, it is increasingly gaining the spotlight amongst the investing community these days. In the last 2-3 years, India has been facing multiple issues on corporate governance matters like labour unrest and plant closures. These issues have further highlighted the importance of environmental and social issues, along with the need for disciplined governance. Indian companies have started understanding the principles of sustainable growth, so the country is witnessing significant improvements in corporate operations. To avoid risks, good behavior on ESG factors are building robust systems, which aim to generate higher profits. This 54th edition of our Newsletter is dedicated to the special article on **'ESG Implementation Status - Regional Analysis-India**, by our Transport Economy Expert, **Mrs. Ritu Maitrey**, covering the development of **ESG policies, ESG reporting, top trends and roadblocks to investing in India**. This edition also covers a special article on '**India: Population – Quality over Quantity',** by **Dr. Anil Dhaneshwar (CSR Professional & Independent Director)**, covering the issue of Indian Population and measures to be taken for its regulation.



By *Ritu Maitrey*
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ESG Implementation Status - Regional Analysis

India

Synopsis:

CIA-GLOCAL VENTURE LLP (CGV) in the previous few Newsletters has covered ESG as a theme and elaborated 'ESG' (Environment, Social and Governance (reporting)), in good details – the concept, its evolution, the growth, the emerging trends, the obstacles, the regional analysis and the challenges therein. Team CGV had researched on Sustainability Reporting and Disclosures and was convinced that ESG is the new norm of Responsible Investing, and by delving deeper into the subject, it was realized that ESG is not just about Business, Corporate Responsibility, or Green Investments, but it has a wider horizon of survival for a living being and leaving a better world for posterity.

CGV brings the attention of readers closer to the home and gauges India's stint with ESG.

ESG is still in its nascent stage in India. It has typically taken massive strides in the last 4 to 5 years, vis-à-vis the developed economies in Europe and the US where these started around 2006 with the UN PRI (United Nations Principles of Responsible Investments). Fifteen years later, investors and executives champion ESG programs in the Western World. In 2006, when the UN PRI was initiated, there were 63 signatories with AUM of $6 Trillion. As of May 2021, there were 4,000 with AUM of $110 Trillion.

In comparison to above, the rise in ESG dedication in India is largely due to the requirements of sustainable funds investing in India. Although few of the ESG issues are recognized subjects, such as CSR, gender justice, labour welfare, and minority protection, etc. much of the work has been sporadic and disjointed, lacking a holistic approach.

ESG – Global Impact

A Morgan Stanley Report states - At the beginning of 2021, one-third of the global assets under professional management were sustainable. In other words, globally, $1 of every $3 was invested in a green asset. As a consequence, sustainable investments climbed (source: US SIF[1]) 42% in value compared to 2019. A 42% rise propelled sustainability investments to a high of $17 trillion[2]. The US President Joe Biden also urged the country's largest companies to achieve carbon neutrality by 2050. It is estimated that by then, more than 60% of the world's economy would have followed suit.

It is a Worldwide phenomenon – the corporate world is becoming sensitive to ESG in an attempt to have favorable rankings, gain a competitive advantage, reduce operational costs, minimize regulatory interventions, and thereby boost top-line growth.

Further, having sound ESG policies can help predict and mitigate non-financial risks. ESG has also become a crucial part of M&A transactions. Thorough due diligence on ESG policies is carried out by M&A Teams to assess company culture, resilience, strengths, and weaknesses to effectively address integration issues.

Pandemics and Climate Crisis – The World and India

Conversations on ESG have been brought back to the table amidst COVID-19, as the reliance of businesses on these factors has been highlighted. While the pandemic presents an opportunity for companies to contribute to relief work, businesses are taking note of the gaps in their response mechanisms. In implementing ESG policies, companies are forced to look at potential risks they face, including pandemics.

With the global rise in temperatures, unforeseen heatwaves across Europe, and Amazon wildfires, the world is literally burning. Such erratic weather instances have only grown over the last decade, causing over USD 1,000 billions of economic losses.

India, too, stares at losing 10% of its GDP by the end of the century[3] if it fails to address climate change. In addition to change in climate, depleting natural resources, growing population and increased pollution levels continue to raise questions on the conventional parameters of growth and development, India's challenge is particularly grave:

- ✓ The current and previous monsoon seasons may have been normal, or close to normal, but such categorizations don't reflect the floods in Kerala and the mountainous states or the droughts in Karnataka, parts of Maharashtra, and Tamil Nadu all happening simultaneously.
- ✓ Nine of the ten most polluted cities in the world are Indian.
- ✓ India is amongst the top three nations when it comes to air pollution-related deaths
- ✓ Cities like Mumbai and Chennai would still be at risk from rising sea levels.
- ✓ Soil degradation and increased ocean acidification.
- ✓ The recent water crisis in Chennai is symptomatic of the larger issue. The Indian government tank NITI Aayog warned earlier that 21 major Indian cities will run out of groundwater in 2020, and many more will face drinking water shortages over the next decade, which is really happening with an increasing water deficit in regions.

India is one of the fastest-growing economies in the world, but our per capita income is just $2,000. Climbing up the income ladder means we will consume more resources. We need to manage our resource consumption well.

As on March 31, 2021, there were Rs. 10,473 Crore ($1.4 Billion) AUM (Assets Under Management) of the 10 ESG funds in India. There were $28 Billion worth of International Socially Responsible Investment (SRI) funds' allocation to India.

Policy Interventions

The Government has been cautious. There have been some policy interventions.

- The transition to BS-VI emission norms, the equivalent to euro-VI, was fast-tracked, skipping the BS-V stage.
- A mix of taxation benefits, subsidies, and state fleets moving to electric vehicles has further propelled the shift toward cleaner automobiles.
- Maharashtra has banned single use plastic.
- Delhi adopted an odd–even plan for traffic intermittently; and
- Karnataka closed plants around Bellandur Lake in response to rising pollution.
- In Tamil Nadu, a large industrial plant was shut down because of environmental concerns.

All such policy initiatives create both risks and opportunities for Indian corporates. These businesses may have had a free ride on environmental matters in the past, but today they ignore such issues at their own peril.

The government of India has set an ambitious goal of India becoming a $5 trillion economy by 2024 and has also made bold commitments on the environmental protection front to the global community.

Government's Focus

The last decade witnessed an accelerated pace of growth in ESG in India with the support from the Government, Investors, Shareholders, and Corporates.

Environmental 	• **Government push to Electric Vehicles;** • **Renewable Energy Resources** • **Paris Agreement** • **AQI** • **Waste Management Rules** • **Pollution Emission Standards** • **Industry Effluent Standards** • **Discontinuation of 15-year-old Vehicles**
Social 	• 2% CSR Mandate • Free Education for Children • Minimum Girl/Woman reservation quota for gender balance in Education • Rural Area Development with Pushing Gas, Water & Electricity to reduce pressure on natural resources. • Affordable Housing Scheme • Lower Stamp Duty for Women Home Buyers
Governance 	• Stricter Independent Director Norms • Independent Audit Committee • Mandatory Women Director Representation • Insolvency and Bankruptcy Code • Whistle Blower Policy • Management Remuneration Norms

ESG – Government Focus

India is the only G20 Country on track to meet the Paris Agreement goal of limiting global warming by 2 degrees Celsius. India has reduced 24% of its emission intensity relative to GDP from 2005 levels – out of a target of 33-35%. The last six years witnessed the fastest growth (2.5 times) in renewable energy capacity among large economies. Solar energy expanded over 13 times.

India, under Paris Agreement, submitted its Nationally Determined Contributions in 2015, for the period 2021-2030. The ambitious commitments require an estimated USD 2.5 trillion investments between 2015 and 2030.

Additionally, India is also committed to achieve the Sustainable Development Goals (SDGs) to drive its agenda of development without destruction. IFC (International Finance Corporation) in its report 'Climate Investment Opportunities in South Asia' has estimated an investment opportunity of USD 3.1 trillion in India.

Global ESG Funds

With increased recognition of implications of E&S risks, the global sustainable investment community is actively driving the agenda and embedding ESG factors in investment decision-making.

Global ESG funds are also investing in India and as per Global Sustainable Investment Alliance (GSIA), 41 Global E&S seeking funds have invested on an average of 25% of their funds in Indian equities.

95 socially responsible funds have been allocated on an average of 18.5% to Indian companies. These figures are sizeable and are expected to lead to greater adoption of ESG investing in India.

Emerging ESG Funds in India

There has been a rise in ESG Funds in India from 2017 onwards. These are dedicated ESG funds that integrate ESG factors into investment decisions; these funds invest in ESG focussed stocks or ESG Compliant companies.

Asset management companies are signing up to UN-supported Principles for Responsible Investment e.g., Kotak Mahindra Asset Management (April 2018), SBI Funds Management Private Limited (July 2018), Equicap Asia Management Private Limited (May 2017) etc.

The Indian market has witnessed recent announcements/launches of ESG funds: SBI Magnum Equity ESG Fund in May 2018. Avendus launched India's first ESG-based fund in 2019 – Avendus India ESG Fund, a Category III Alternate Investment Fund (AIF) focused on providing investors with the opportunities for long term risk-adjusted returns by investing in companies that practice sound ESG policies.

ESG Funds in India[4]

Fund	Year of Inception	Equity Holdings	Investment Criteria
SBI Magnum Fund Equity ESG Fund	May 2018	41	Invests 80% in ESG Focussed Stocks, 20% in other E/D Money Market Instruments
Quantum India ESG Equity Fund	July 2019	45	Targets ESG Compliant Companies
Axis ESG Equity Fund	February 2020	51	Min 80% investment in stocks with high ESG Scores
ICICI Prudential ESG Fund	October 2020	29	Focusses on Companies with high ESG scores
Quant ESG Equity Fund	October 2020	26	Uses VLRT +Q2 frameworks with 40-60% investment in ESG focused stocks; the fund also invests in ESG focussed International Securities up to 35% of its net assets
Mirae Asset ESG Sector Lenders' ETF	November 2020	51	Invests in stocks in a proportion similar to NIFTY100 ESG Sector Leaders Index
Kotak ESG Opportunities Fund	December 2020	40	Invests 60-80% in large caps, remaining in similar ones; the fund also invests in ESG focussed International Securities up to 35% of its net assets
Aditya Birla Sun Life ESG Fund	December 2020	40	Invests 60-80% in large caps and remaining in similar ones; A portfolio of 40-50ESG Compliant Companies. The fund also invests in ESG focussed International Securities up to 35% of its net assets

Source: Crisil Report, June 2021

The International SRI Funds to India have increased from $13 Billion in 2012 to $28 Billion in 2019. The total AUM of India's 10 ESG Funds was Rs. 10,473 Crores ($1.4 Billion) as on March 31, 2021. It has increased by over four times over the past three years resulting in the launch of the above-mentioned funds in the same time period. India expects the ESG Investment to grow at least 15% annually, to reach $60 Billion in 2025.

SEBI's BRSR

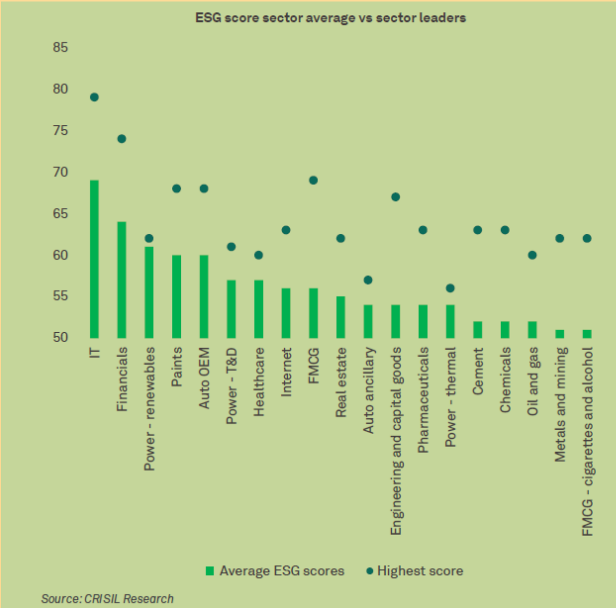
For Fund Managers (in India) to incorporate ESG risks in investment decision-making is a challenge for lack of disclosure of these risks and opportunities by most business entities. The existing Business Responsible Report (BRR) disclosure rule of the Securities and Exchange Board of India (SEBI) was not adequate for investors to make an informed decision.

However, SEBI's new disclosure norm, Business Responsibility and Sustainability Report (BRSR), could be a game-changer for ESG investment. The new norm will apply to the top 1000 listed entities (by MCap) for reporting voluntarily for FY 2021 – 22 and on a mandatory basis from FY 2022 – 23. The new norm is granular and captures all the essential elements for ESG risks, which the companies need to disclose.

In association with the United Nations Development Programme (UNDP) India, the Ministry of Finance launched the Sustainable Finance Collaborative (SFC), intending to mobilize sustainable and green finance. The UNDP and Invest India also joined hands to develop the SDG Investor Map for India, which identifies 18 investment opportunities for sustainable development.

ESG Scores across the Indian Sectors Spectrum

A recent Crisil Survey released in June '21 gave the following observations on the ESG Scores across different sectors in India:



- IT and Finance Sector Companies perform better on the ESG Matrix, have higher scores on account of lower emission, water and waste issues, higher diversity, and consistently high tax contribution. They have better, finer disclosures too.
- Companies in sectors such as oil and gas, chemicals, metals and mining, and cement have lower ESG scores on account of higher emission levels and extensive use of scarce natural resources. Data Quality and disclosure levels on issues such as emission parameters, biodiversity and grievance redressal for communities are also low and inconsistent.
- Social scores are higher for financial entities with greater exposure to priority sectors, rural linked and micro-financed segments. The survey also revealed that 16% of the overall loan book of the Banking, Financial Services and Insurance peer set was in environmentally harmful sectors, such as thermal power and metal.
- Renewable Energy Companies obviously score higher on the "E" quotient owing to lower emissions and environmentally friendly generations.
- MNCs and Private Entities perform better on the "G" (Governance) scale.
- PSUs tend to score low on "G" criteria owing to non-appointment of independent directors, or a common CMD, etc.

Reporting Frameworks

The Indian Companies use standard reporting frameworks such as GRI, SASB and CDP frameworks. As per a CDP[5] Report, investors requested corporate disclosures for climate change from Indian companies grew by 17% in 2020.

Future Trends – Opportunities for Investments

India will require $2.5 Trillion from 2015 to 2030, roughly about $170 Billion/Year for Climate Action (Estimates worked out by the Nationally Determined Contributions (NDC). But at present, the green finance flows are as low as $21 Billion (2018).

Sectors such as renewable energy, sustainable transportation (Mass Transit Systems and EVs) and power transmission occupied the bulk of financial flows. Investors and Corporates must focus on the sectors which in future will attract maximum investments.

Sustainability-Oriented Indices in India

In order to track, monitor, assess and report the ESG performance of companies, there are various indices:

- ***S&P BSE Greenex:*** Tracks the performance of the top 25 companies in terms of greenhouse gas emissions, market capitalization and liquidity.
- ***S&P BSE Carbonex:*** Tracks the performance of the S&P BSE 100 companies based on their commitments to combating risks arising from climate change. It combines nonfinancial risks, those arising from climate change along with financial risk to provide an integrated measure.
- ***S&P BSE 100 ESG Index:*** Tracks companies that follow a defined sustainability criteria with similar risk and return profiles of S&P BSE 100 companies. It has 69 constituent companies and has a proven track record of providing financial returns and outperforming the benchmark
- ***NIFTY 100 ESG Index:*** reflects the performance of companies in the NIFTY 100 Index based on an ESG score
- ***NIFTY 100 Enhanced ESG Index:*** It is an advanced index that is similar in characteristics to the NIFTY 100 ESG Index, except there is an additional parameter in consideration. The companies should have a normalized ESG score of at least 50% to be part of the index.

In India, ESG Indices displayed greater performance as well as equal or less volatility in the long run when contrasted with the Nifty, resulting in higher profits, once adjusted for risk. To illustrate this, the Morgan Stanley Capital India (MSCI) ESG Leaders Index which covers thirty-five companies with relatively high ESG performance fared better than the approximately eighty member MSCI Index during the period spanning September 2007 - January 2019.

In a similar vein, Morningstar's Sustainability Index showed returns of 14.8 per cent from 2012 - 2016, as opposed to 13.7 per cent returns for Morningstar's India Index. These results are consistent with the intuitive position, as ESG Funds tend towards low risk, high-quality stock, which should remain stable and perform well in the long- term.

Therefore, it is quite clear that ESG investing is a fast-growing investment trend globally, with 25% of institutional investment already branded ESG. It stands to reason that, given the size and potential of the Indian market, ESG investment should have taken it by storm. While it has been gaining popularity, progress has been slow.

Reasons for Slow Growth

Until a decade ago, ESG in India was largely a concept, considered to be a "Thematic Investing", associated with not such high financial returns. But in the last 5 to 6 years, ESG has arrived well in India.

However, it still is a long way to go. Some of the pertinent issues surrounding ESG Disclosures are:

- Most environmental and labour-welfare legislation is only able to control activities to the extent of legal compliance, as opposed to ESG, which seek to establish a higher degree of care
- CSR legislation is focused on philanthropic activities of corporates which is typically microcosmic.
- Indian corporates face unique risks, including shutting down of operations due to natural calamities, labour unrest, reputational harms of undertaking ESG-averse projects, all coupled with risks of shareholder activism and stakeholder litigation. Unfavourable moves even lead to calls of the boycott on social media.

While it is important to acknowledge the steps that have been taken by regulatory authorities, none of these addresses ESG directly. Some exist as guidelines, allowing businesses to self-regulate. Even the Business Responsibility Report mandated by SEBI does not cover ground on all ESG matters.

The Way Forward

There are various concerns with how ESG data is collected, analysed, and used that must be addressed before making it a part of financial investing.

In most jurisdictions, there is no provision of mandatory disclosures of ESG (albeit, as noted above, some aspects are required to be disclosed by select corporates). There is complete reliance on what information companies choose to share.

The lack of standardisation of data and assessment results in the inability to compare. Materiality standards, and what is important to different investors can also have varying perspectives.

"Greenwashing", i.e., the practice of using ESG and sustainability indices unfairly, is rampant. Volkswagen, despite ranking highly on the DJSI (Dow Jones Sustainability Index), was revealed to have manipulated technology to violate permissible carbon emission ratings. This exposed the fallacious nature of sustainability indices, opening up a can of worms for corporations engaging in unethical practices.

The way to integrate ESG is to bridge awareness gaps and embody global best practices. This must be accompanied by standardised, mandatory public disclosures, inspired by the EU Disclosure Regulations, and developing assessment tools. Meaningful investor pressure must be present throughout.

MCA and SEBI must step in and seek to improve data collection, its accessibility, and its usability. ESG ratings/indices could be set up. The listing of green companies must be supported, and ESG commitment must be recognised as part of directors' fiduciary duties.

Private sector participation (other than Non-IT & Financial Sectors) must increase for implementing ESG as it's largely restricted to Public listed entities, which makes it skewed.

Summing Up

It would not be an overstatement to say that the Indian (and global) economy stands on a knife-edge. Large-scale commercial production is undoubtedly the leading cause of environmental degradation.

Miraculously, without government intervention of any sort, global movement among investors is driving the momentum themselves to persuade companies to switch to fewer damaging methods of doing business, belying the belief that investors care only about wealth, leaving questions of sustainability to governments and isolated activists. The fact that this movement is spearheaded by investors themselves is an incredible opportunity to nurture it and watch it bloom on a global level, as investors and governments now have their interests aligned.

The active involvement of the government is necessary for this movement to take root and revolutionize reckless business practices to improve.

The holistic development and encouragement or incentivising to ESG practices would make businesses to review the priorities and choosing or making own path between wealth creation and a habitable planet.

[1]Forum for Sustainable and Responsible Investment

[2]As per a Merrill Lynch Study, this figure will be greater than $20 trillion in the coming decades.

[3]Yes Bank Report, ESG Investing Scenario in India, 2019

[4]Crisil Compendium, Report, 2021

[5]Carbon Disclosure Project

By ***Dr. Anil Dhaneshwar***
CSR Professional & Independent Director

India: Population – Quality over Quantity

I have come across a couple of articles on the topic related to population control in the recent past. Some of the articles spoke in favour while some are against population control. Both have put in their respective viewpoints. However, in my opinion, they are all one-sided stories of the fact. At this point of time, we need to take a 360 holistic view of the issue.

This topic started hitting headlines particularly when the Uttar Pradesh government declared initiatives on population control for Uttar Pradesh. We all should, in fact, congratulate the Uttar Pradesh CM for being the first to take this issue under scanner which should have actually been looked into much earlier.
Many articles stated that our population growth is declining now and that is true to some extent. But it is too late as such makes little or no impact at all. Moreover, the rate of decline is also very slow. This is something we cannot afford unless a control mechanism is introduced on a priority irrespective of any religion, caste or group by the stick and carrot method.

A time has now come to decide whether we want quantity over quality of human life or the other way round. This should have been dealt with seriously right from independence. Although we have crossed the stage of a population of explosion, we are blinded and unaware about its pros and cons. And the right time to become aware is now or never.

In my opinion, most of the ruling Governments have conveniently ignored this core issue of Population Regulation. I said Population Regulation as I think Regulation is a better word to use than Control.
Although our country is populated, a major portion is not able to have good living conditions or for that sake even basic requirements.

One of the most disappointing facts is our ranking on the Human Development Index. 1 remains the most ideal condition of any country against that of 0.65 of India, which is fairly poor. The following table shows our score as against some countries of comparable size or conditions in the world as far as the human development index (HDI) of 2020 is concerned:

HDI Large Economies in the World as of 2020

Sr. No.	Name of the Country	HDI out of 1
1.	India	0.65
2.	China	0.76
3.	France	0.89
4.	Japan	0.91
5.	USA	0.92
6.	UK	0.92
7.	Germany	0.93

(Source: https://worldpopulationreview.com/country-rankings/hdi-by-country)

HDI of neighbouring countries 2020:

Sr. No.	Name of the Country	HDI out of 1
1.	India	0.65
2.	Bangladesh	0.61
3.	Nepal	0.58
3.	Pakistan	0.56

(Source: https://worldpopulationreview.com/country-rankings/hdi-by-country)

Now the choice is ours - whether we want to compare our nation with the neighbouring countries and feel satisfied or compare our country with the top 7 large, developed countries and take steps towards improvement.

Everything depends on the Citizens of this country. We cannot change the trajectory overnight, but some initiative needs to be taken and that is what the UP Government has done right. However, only one State taking steps to monitor population growth will not help at all unless the entire country is regulated.

The democratic Government is for the people and by the people. We need citizens to be mature and responsible and political parties who understand what is right for the country and what is not. In this given scenario we must initiate steps to regulate the growing population as we are already an over populace country while comparing to per capita GDP and per sq. km yardstick of many developed countries in the world.

For example, a teacup having a capacity of 100ml cannot hold 101ml of tea. It is bound to overflow. The same principle applies to the population theory. In this case, the population that is excess settles down in slums thereby adding too many socio-economic issues. With better agriculture technologies available these days, gone are the days of we are needing more hands to work in the agriculture activity.

I recollect having studied the Theory of Population developed by Thomas Malthus, a British Economist in the 18th century. This theory is similar to the Cup of Tea theory as explained above. The law of nature will prevail, and it will eliminate the extra population by way of a pandemic, natural calamities, accidents, unemployment, famines, war, terror, crimes etc.

The unfortunate reality is that we are now experiencing this theory and for this, we are solely to be blamed. We have always turned a blind eye to population regulation, and we are now paying price for the mistakes done in the past. We have no right to repeat the mistakes at the cost of society and social issues. You open any newspaper of any day, and you will find it filled with negative news of accidents, crimes, natural disasters = terror and unemployment resulting in lower HDI. You all must have read the news that all the major jails in the State of Maharashtra are expanding their capacity by building multi-storied jails to accommodate the rising number of criminals. What does this indicate? There is no room for conflicting public opinions on population control rather population regulation is a MUST – we are left with no choice as if we do not, nature will.

This proves that a lot needs to be done on HDI. We have more people than the capacity, We need to curb our population growth significantly to improve the standard of living. Let us now look at the density of population per sq. km. for various developed countries in the world as below: -

Countries with Population density per sq. km. of 2020

Sr. No.	Name of the Country	Population per sq.km
1.	India	455
2.	China	148
3.	France	123
4.	Japan	347

5.	USA	36
6.	UK	275
7.	Netherlands	512
8.	S.Korea	529
9.	Singapore	7953
10.	Switzerland	215

(Source: World Bank Data)

This shows smaller countries even with much higher per sq.km. have developed only because of the policies adopted by the respective Governments and with the public participation which is also equally important. Now let us have a look at the neighbouring countries.

Neighbouring Countries with Population density per sq.km. of 2020

Sr. No.	Name of the Country	Population per sq.km.
1.	India	455
2.	Bangladesh	1,240
3.	Nepal	196
3.	Pakistan	275
4.	Sri Lanka	350

(Source: World Bank Data)

Amongst this, we appear to be better though our population is large. Bangladesh appears to be far greater amongst the lot. Thus, the HDI or growth of the economy does directly depend on the rate of population per sq.mtr. thus, making it a relevant factor.

The next factor contributing to the growth in population is the annual rate of growth. This also plays a major role in population control. We will now study to what extent is this point affect the growth of the economy and per capita GDP.

Annual Growth Rate of Population 2020 in %

Sr. No.	Name of the Country	Population Growth Rate in %
1.	India	1.0
2.	China	0.3
3.	USA	0.4
4.	Japan	-0.3
5.	France	0.2
6.	UK	0.6
7.	Germany	0.2
8.	S. Korea	0.1
10.	Switzerland	0.7

(Source: World Bank Data)

All the neighbouring countries except Sri Lanka have a much higher growth rate in population, which is a possible threat to India as well. Though we cannot comment on other countries, India must find out means to monitor and control our population. We are adding about 1.5 crores every year in the population being already over populous and incapable to feed the existing population. As compared to China, in relation to population per sq.km. our population should have been ideally at 45 crores but we are at 136 crores as of 2020. Although the newborn children do not fall under the productive age group nevertheless we need to feed them, provide them education etc. and these overheads result in decline of per capita GDP further.

Classification based on Socio-economic conditions:

Another important aspect in the field of population growth is class. If we divide the population of India in terms of socio-economic classification generally it is upper, upper-middle, middle, lower-middle and lower class of the population. However, the Census of India does not have such data which must be built in each Census. We have a long practice of doing Census every 10 years which in itself is a long a period. With the online registration for birth and death being made mandatory, it should be possible to calculate on annual basis instead of waiting for knowing the figure of population after 10 years.

The Census Organisation of India must initiate this step with the help of the Aadhar card link and making online registration of birth and death mandatory for all Citizens of the country. They should also invite citizens to fill in the information in the census format on their own online which would accelerate the speed, accuracy and cost in completion of the Census.

I have tried to apply this SEC norm to the data Census Data of 2011 of housing pattern of the total population as under:

Sr.No.	Number of Rooms per family	In %	SEC Classification
1.	No Room	3	E
2.	up to 1 room	40	D
3.	up to 2 rooms	30	C
4.	Up to 3 rooms	14	B
5.	More than 3 rooms	13	A

(Source: Census of India 2011)

However, there is no data available in which SEC Classification there is addition or deletion of the population in the family each year. From the above data, it appears that 43% are economically poor, 44% are in the middle class and 13% are upper-middle and upper class. If the rise population is among households from A & B category that may not affect socio-economic conditions but if it is more in C, D and E class that would lead us further to poverty.This would create many more social issues. We should be in a position to give dignified living conditions to each citizen and this is only possible if we control the population.

I also feel the Governance and the social development policies adopted by the respective Governments equally play a very important role. The seriousness of the parties in power irrespective of the change at the Centre should continue. At the moment, this does not appear to be happening.

In a democracy like India, we need citizens to be mature, sensible and responsible. Only then we have a ray of hope to come out of this issue and reap benefits of the socio-economic development in a real sense.

Just by giving something free, socio-economic development does not take place. Anything given free has no value and is a total waste of valuable resources. This must stop. Not only this but when Govt. spends Rs.100 the actual benefit accrued to the community is not more than Rs.20 is a well-known fact. This loss of Rs.80 is on account of delays in implementation, cost overrun, bad quality of work, kick-backs, lack of monitoring & supervision etc. Even today we do not have good roads in urban areas and it just gets worse in semi-urban and rural areas. We need to accelerate reforms, privatize civic amenities on a BOT basis in all District places first if we really mean improvement in socio-economic conditions and HDI of our citizens.

I recently read in the newspaper that we are not ready as yet to kick off the 2021 Census and is getting delayed on account of Covid 19. Assuming that it will start early next year the final results may come by 2024 is certainly going to bethe cause of concern. Moreover, the Govt. of India is going to publish the count of SC/ST only and he remaining will not be bifurcated on the basis of caste. With the rising demand for reservations by various castes and communities, it would be advisable to do the 2021 Census caste wise to establish their numbers and socio-economic conditions precisely. This may help the Govt. in resolving reservation issues once and for all those who claim the same either way.

From the above, I am of the opinion that we need to develop a sense of social responsibility among the citizens and communities. They should add to their families provided they are able to give better living conditions to the newborn. If not, there will be an imbalance in the socio-economic conditions, poor may always remain poor.

If we apply China's norm of population per sq.km then our population should be ideally 44.82 crores. Thus, there is no doubt we already have an outburst of the population in India and if not controlled there will be an explosion which will create lots of socio-economic imbalance and unrest in the Society. There will also be a big gap between haves and have-nots. We are therefore left with no option but to limit population growth on a Top Priority, by way of the stick and carrot method.

At the same time, we need socially responsible citizens in this journey that are committed towards socio-economic development of the communities. Additionally, we need a 100% consensus among all political parties, religious groups on the adoption and implementation of population control strategy without fear and favour. Just having more hands is not enough unless we are able to feed them with adequate work, food and livable conditions. Sadly, we are far away from this at the moment.

Industry Insights - International

Mastering the Risky Business of Public-Private Partnerships in Infrastructure

- Paper By International Monetary Fund (IMF)

Investment in infrastructure can be a driving force of the economic recovery in the aftermath of the COVID-19 pandemic in the context of shrinking fiscal space. **Public-private partnerships (PPP)** bring a promise of efficiency when carefully designed and managed, to avoid creating unnecessary fiscal risks. But fiscal illusions prevent an understanding the sources of fiscal risks, which arise in all infrastructure projects, and that in PPPs present specific characteristics that need to be addressed. PPP contracts are also affected by implicit fiscal risks when they are poorly designed, particularly when a government signs a PPP contract for a project with no financial sustainability.

It is important that countries resort to PPPs for the right reasons. With the global increase in debt levels resulting from emergency health measures, fiscal packages to support people and firms and decreased revenues, fiscal space for public investment will be much reduced. Governments may be tempted to use PPPs as a means to avoid using public resources, instead of using PPPs to ensure more efficient use of scarce public resources. It is therefore key to have a sound management of PPPs in place, including good management of the fiscal risks they entail to maintain fiscal responsibility and debt sustainability and to achieve an efficient use of public resources.

Infrastructure needs and gaps have most likely changed due to the crisis, calling for an overall reassessment of the government role and capacity to provide much needed infrastructure assets, as well as the role and effectiveness of PPPs. PPPs have a role in public investment programs, both in normal times and as part of the recovery plans. PPPs may have a critical role in complex projects. PPPs can improve the management of some types of infrastructure projects and reduce their cost for government. As long-term contracts, PPPs are a mechanism for trading direct liabilities for future risks and vice-versa.

But all infrastructure projects are risky by nature, and PPPs are no exception. PPPs' long-term nature and complex risk allocation require governments to have strong infrastructure governance institutions in place.

The paper published by **International Monetary Fund (IMF)** reviews the **advantages and inconveniences of PPPs, discusses the fiscal illusions affecting them, identifies a diversity of fiscal risks, and presents the essentials of PPP fiscal risk management**.

Please **CLICK HERE** for the link

Central Bank Digital Currency: RBI evaluating running pilots for digital currency

By Financial Express

RBI is examining use cases of a central bank digital currency (CBDC) and is also looking at a phased implementation strategy. T Rabi Shankar, deputy governor of the RBI, said on Thursday the central bank was exploring the pros and cons for introduction of CBDC for some time and conducting pilots for it may be a possibility in near future.

A CBDC is a form of virtual currency that is issued by a central bank as an alternative to cash. Unlike cryptocurrencies, CBDCs are backed by the sovereign reserves of nation states and are thus not subject to the same volatility. "Introduction of CBDC has the potential to provide significant benefits, such as reduced dependency on cash, higher seigniorage due to lower transaction costs, reduced settlement risk," Shankar said while addressing an event organised by Vidhi Centre for Legal Policy. RBI's definition of CBDC is a digital form of sovereign currency that can be converted into cash or sovereign-backed deposits.

Bank NPAs decline to Rs 8.34 lakh cr at March-end 2021: Minister

By Economic Times

Non-performing assets (NPAs) or bad loans of banks have declined by Rs 61,180 crore to Rs 8.34 lakh crore at the end of March 31, 2021, as result of various steps taken by the government, Minister of State for Finance Bhagwat K Karad said on Monday. Scheduled commercial banks (SCBs) were carrying NPAs worth Rs 8.96 lakh crore on their balance sheet at the end of March 2020.

"Primarily as a result of transparent recognition of stressed assets as NPAs, gross NPAs of SCBs, as per RBI data on global operations, rose from Rs 3,23,464 crore as on 31.3.2015, to Rs 10,36,187 crore on 31.3.2018, and as a result of Government's strategy of recognition, resolution, recapitalisation and reforms, have since declined to Rs 9,33,779 crore on 31.3.2019, Rs. 8,96,082 crore as on 31.3.2020, and further to Rs 8,34,902 crore (provisional data) as on 31.3.2021," he said.

PSBs in talks for creating common digital infrastructure platform

By Business Standard

Public sector banks (PSBs) are in discussion to set up a corporation for creating a common digital infrastructure platform as a joint initiative, the Parliament was informed. The Digital Banking Infrastructure Corporation (DBIC) would be set up to enable enhanced access to customers and businesses for credit offerings. This is in line with a number of steps initiated by the government to facilitate digital banking and promote digital lending.

About 72 per cent of financial transactions of public sector banks are now done through digital channels with active customers doubling from 3.4 crore in FY20 to 7.6 crore in FY21, the Parliament was informed. Minister of State for Finance Bhagwat Karad, in response to a query in Rajya Sabha, also said that retail loan disbursements amounting to Rs 40,819 crore have been made by seven large PSBs through digital channels in the financial year 2020-21.

Indian startups increasingly raising debt to fund operations

By Business Line

While private equity investments and initial public offerings are in vogue, many Indian startups are also increasingly raising debt to fund their operations. According to data accessed by BusinessLine from Tracxn, conventional debt has seen a 5-year CAGR of 40.27%till 2020 while venture debt grew by 21.86%.

Venture debt investments ballooned in 2019, though 2020 was comparatively dull due to the pandemic. Around $4,384.43 million was raised through conventional debt across 131 rounds, an increase of over 260 percent as compared to $1215.38 million raised in 2018 across 111 rounds. For venture debt, this figure stood at $144.89 million in 2019 across 47 rounds, growing 63.7 per cent from $85.51 million raised over 38 rounds in 2018. In 2021, year-to-date, the numbers have been equally promising. Conventional debt so far accounted for $2554.58 million across 64 rounds and venture debt stood at $88.15 across 25 rounds.

Bank of Baroda, U GRO Capital launch co-lending platform 'Pratham'

By Business Line

Bank of Baroda and fintech platform U GRO Capital have launched a co-lending platform Pratham, under which ₹1,000 crore loan will be disbursed to the MSME sector in the country.

The loan amount ranges from ₹50 lakh to ₹2.5 crore to be offered at an interest rate starting from 8 per cent with a maximum tenure of 120 months, said in a release. The co-lending programme resonates with the bank's intent to extend support to more micro, small and medium enterprises (MSMEs). "Pratham, a ₹1,000 crore co-lending programme, will allow the MSMEs to avail customised lending solutions at a competitive rate of interest with a significant reduction in turn-around time, it said.

Despite Covid crisis, India records highest-ever construction speed of National Highways

By Financial Express

Despite the Covid crisis, there has been a massive development in the infra sector. During the Covid-19 restriction period, National Highways' construction has seen a sharp rise, said Union Minister for Road Transport and Highways, Nitin Gadkari. In a recent tweet, he said that in the financial year 2020-21, the construction of highways has paced to 36.5 km/day, which is the highest ever construction speed of National Highways in the country. According to the minister, a world record has also been created by India by constructing 2.5 km 4 lane concrete road in just a duration of 24 hours and 26 km single lane Bitumen road in just 21 hours' time.

Special efforts have been made to sustain this construction speed, he claimed. These efforts include support to contractors, direct payment to subcontractors, relaxation in contract provisions and food and medical facilities to on-site workers.

Precise landing of flights! AAI commissions Instrument Landing System at Odisha's Veer Surendra Sai Airport

By Financial Express

Odisha's Airport gets new Instrument Landing System! Recently, a new Instrument Landing System (ILS) has been commissioned at Veer Surendra Sai Airport in Odisha by the Airports Authority of India (AAI). According to AAI, the newly commissioned Instrument Landing System will help in the precise landing at the Veer Surendra Sai Airport.

The Instrument Landing System is a standard ICAO (International Civil Aviation Organisation) precision landing aid, according to AAI, that is used to provide accurate azimuth as well as descent guidance signals for guidance to aircraft for runway landing under normal or adverse weather conditions. It will also impact positively on the regularity of flight services during bad weather and low visibility conditions, the authority said. The new Instrument Landing System became operational on 15 July 2021. The project's overall cost was approximately Rs 15 crore.

REITs, InvITs gaining traction in India; investment trusts raise over $9.7 bn in capital: EY

By Business Today

Real estate investment trusts (REITs) and infrastructure investment trusts (InvITs) have raised capital of over $9.7 billion in India, according to an EY report. The EY report states that both fundraising avenues - REITs and InvITs - are gaining traction in India similar to other developing countries.

The EY report explains that REITs and InvITs can be used to attract private investments in the infrastructure and real estate sectors by mitigating challenges such as funding requirement, more long term capital, optimal leverage, limited exit options and corporate governance issues. The report mentioned that due to favourable government policies and a long-term investment outlook, many marquee investors including sovereign and pension funds are continuing to invest in trusts. Investors are benefiting from receiving regular cash distributions, stable yield and opportunities for sponsor(s) to expand their asset base, explains the report.

NHAI likely to compensate Rs 500 cr to BOT developers

By Construction World

The National Highways Authority of India (NHAI) is likely to pay around Rs 500 crore as compensation to the build-operate-transfer (BOT) concessionaires operating national highways in Haryana, Punjab and Delhi-NCR after they decided to declare farmers' agitation, which affected toll collection.

The action will also mean the postponement of the concession period equal to the period during which the concessionaire was prevented from collecting toll fees. As indicated by Icra, NHAI's action would cover around 40-45% of the loss of revenue incurred by the affected projects, according to their estimates. The overall toll loss for the BOT concessionaires is around Rs 1,200 crores, as estimated until June 30, 2021. Therefore, the compensation payable would be in the range of Rs 450-500 cr.

Five Years On, HAM Unclogged India's Highway Pipeline. But Gaps Persist.

By Bloomberg

A hybrid model introduced five years ago to speed up construction of roads to bridges has paid off with Asia's third-largest economy now allocating almost half of its highway projects under this arrangement. Yet, some of the older problems persist.

India's highway construction in public-private partnership collapsed after the peak of 2011-2012. Partly because returns from aggressive bidding of the past didn't live up to expectations. In January 2016, the National Highways Authority of India came up with the hybrid annuity model. It's a combination of outright government-funded contracts and the built-operate-transfer system where the bidder has to bring in capital and recover the money over a period of time. Share of HAM projects rose quickly and the pace of highway construction spiked, hitting a record of 36.5 kilometers a day in 2020-21. The model ran into trouble because of the liquidity crisis after the collapse of IL&FS Financial Services Ltd., prompting the government to tweak some of the norms.

Share of non-fossil fuel based generation capacity rises to 39 per cent

By Energy World

Non-fossil fuel sources now account for 39% of India's power generation capacity, a fact that will help the country surpass its NDC (nationally determined contribution), or carbon reduction commitment under the Paris climate agreement, thanks to the government's aggressive renewable energy programme.

Under the NDC, 40% of India's generation capacity was to be non-fossil fuel based by 2030. NDCs embody efforts by each country to reduce national emissions and adapt to the impacts of climate change. India's renewable energy capacity, including installed, under installation and being tied up, stood at almost 97 GW (gigawatts) as of June 30. The Centre has taken several steps to promote renewable capacity. These include waiver of inter-state transmission charges on electricity generated from solar and wind projects that are commissioned up to June 2025.

Solar Power Tarrifs Crawl Back From Record Lows As Costs Rise

By Live Mint

India's solar power tariffs are starting to rebound from last December's record lows, which were raised by factors such as higher commodity prices and an increase in the cost of imported solar panels from next year, said two people aware of the matter. Recent auctions have shown that building owners take into account comparatively less solar radiation when submitting their bids in some regions. Less solar radiation increases electricity generation costs. Rising raw material costs and a basic tariff of 40% on solar modules and 25% on solar cells to be introduced from April 2022 also influence the highly competitive auction rounds, with the developers calibrating these new realities when submitting bids. Industry experts predict that tariffs will remain firm from now on.

India to increase renewable capacity to 68 GW in five years

By Construction World

According to a recent survey, India is expected to add 68 GW of renewable capacities in the next five years, more than the previous year's estimate of 60 GW, with 65% of solar occupying shares. The rooftop solar capacity addition is expected to be less than 11 GW and floating solar capacity less than 11 GW and floating solar capacity less than 5 GW for this period.

On average, 13.6 GW of capacity is expected to add each year for the next five years. As many as three states including Gujarat, Maharashtra, and Karnataka, emerged as the top three states for growth prospects of renewable power projects in the survey. The renewable energy consultancy, Bridge to India, conducted the India Renewable Power CEO Survey 2021, in which 44 leading Indian and international companies participated.

How India can accelerate its green energy transition

By Energy Infra Post

Recently, many companies in India announced their investment in clean energy, they are accelerating plans for growth in this direction. These moves could accelerate India's energy transition journey by 12-24 months and potentially help India emerge as a global leader in sustainable energy.

Renewables are emerging as the lowest-cost long-term option, out-competing fossil assets in some regions even before 2030. Green hydrogen is expected to speed up decarbonization of hard-to-abate sectors such as steel, heavy transport and refining. Energy storage will play an important role in stabilizing grids and reducing intermittence of renewables. In India, too, change is underway, with strong recent growth in the renewable energy sector and falling solar-power tariffs. According to Central Electricity Authority of India projections, wind and solar energy could contribute 31% of gross electricity generation by 2029-30, up from 9.2% in 2018-19. The sector has attracted global institutional investors, with 60-70% of equity investments coming from sovereign wealth funds, pension funds, infrastructure funds and private equity.

AIIB Approves $50 Million Loan for Enel Green Energy's 300 MW Solar Project

By MERCOM

The Asian Infrastructure Investment Bank (AIIB), a multilateral development bank, announced that it has approved a $50 million loan facility to Italy-based Enel Green Power to develop a 300 MW solar project in Rajasthan.

The Beijing-based bank said that the project is being developed in Bikaner, Rajasthan, and is expected to be commissioned in December 2022. The company has signed a 25-year power purchase agreement with Solar Energy Corporation of India (SECI) for energy offtake from the project. According to AIIB, the project is expected to reduce 592,174 tons of carbon dioxide emissions annually and contribute to the Government of India's renewable energy target of 2022. In April 2021, International Finance Corporation (IFC) also proposed a $50 million loan for the project. IFC is the lead arranger for the entire debt portion of the project and is expected to mobilize $100 million debt through parallel lenders. IFC said the project's total cost is estimated at $200 million.

REAL ESTATE

Current real estate sentiment scores dip but future sentiment scores remain optimistic: Survey

By Financial Express

The residential real estate segment has recorded strong recovery across cities post the onset of the pandemic. Driven by the heightened need for home ownership, residential sales have gained momentum across ticket-sizes over the last year. Reflecting this positive performance, stakeholder outlook for the residential real estate segment has been recording a positive outlook since the past few quarters. This optimism was only slightly mellowed in Q2 2021 due to the second COVID wave exigencies, according to the 29th Edition of Knight Frank-FICCI-NAREDCO Real Estate Sentiment Index Q2 2021 (April – June 2021).

As per the survey, the future sentiments of real estate sector stakeholders remained optimistic in Q2 2021 despite the second wave of COVID-19 that struck during this period. Further, the stakeholders' reaction to the second pandemic wave was not as severe as it was during the first wave as indicated by the relatively lesser drop in sentiment scores in Q2 2021. The Current Sentiment score has dropped from 57 in Q1 2021 to 35 in Q2 2021, but the drop is less intense than it was during the first COVID wave when the score had hit an all-time low of 22.

Future of real estate will be pinned on 3Rs – Relief, Restructure and Resilience

By Financial Express

The Indian real estate constitutes around ~ 8% of the national GDP. In 2017, the housing market alone was estimated at $180 billion and is expected to reach $650 billion by 2025. In another 5 years, the industry will reach $1 trillion. The importance of the industry is further outlined by the fact that a large workforce (roughly sized ~ 40 million) is directly or indirectly dependent on the sector and around 250 ancillary industries are linked to it.

The Indian real estate is both stressed and strained at the moment. Although the silver lining in the current circumstances lies in the fact that cases have plunged in most of India and economic revival should follow soon. Meanwhile, the government and industry bodies must work in tandem and chalk out a sustainable plan. Broadly based on themes of the 3Rs – Relief, Restructure, and Resilience — a term originally coined by the World Bank, it is high time that the industry and the governing agencies work together for the betterment of real estate as well as the economy.

Real estate market to touch $1 trillion by 2030, housing demand revives despite COVID-19: Housing secretary

By Money Control

India's real estate market is expected to touch $1 trillion by 2030 as demand for housing recovers from the "setback" caused by the first and second waves of the COVID-19 pandemic, a top government official said.

Rising demand for housing and reforms of the past seven years such as the Real Estate (Regulation and Development) Act, the Model Tenancy Act and steps taken to facilitate doing business in India will drive the market, said Durga Mishra, secretary in the housing and urban affairs ministry, said at a conference on July 21.

MINING

Coal plant decommissioning can help save Rs 37,750 cr: CEEW report

By Construction World

A study conducted by the Council on Energy, Environment, and Water (CEEW) revealed that decommissioning coal power plants older than 25 years could result in total savings of Rs 37,750 crore.

According to the study, power distribution utilities, or discoms, in India could save up to Rs 9,000 crore per year by prioritizing coal power dispatch based on efficiency instead of the current system, which prioritizes based on variable costs. The study cites that this move will provide much-needed relief to public utilities, which had a loss of Rs 61,360 crore in FY19. The conclusions are on the basis of the performance of 194 GW of Indian coal assets (out of nearly 205 GW total capacity) in the 30 months preceding the Covid-19 outbreak. Further added that prioritizing efficiency-based dispatch during this period could have increased coal fleet efficiency by 1.9%.

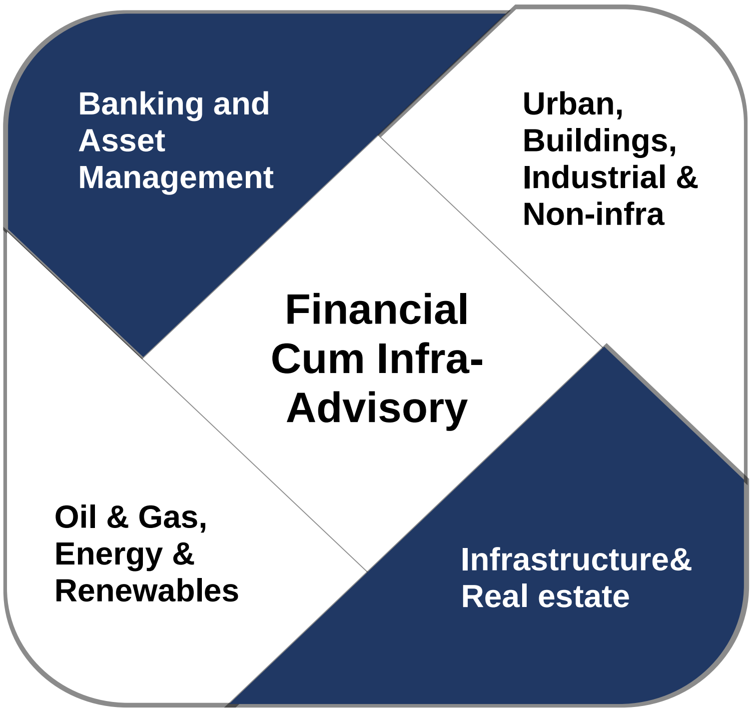
Coal India to make sand from overburden at mining sites

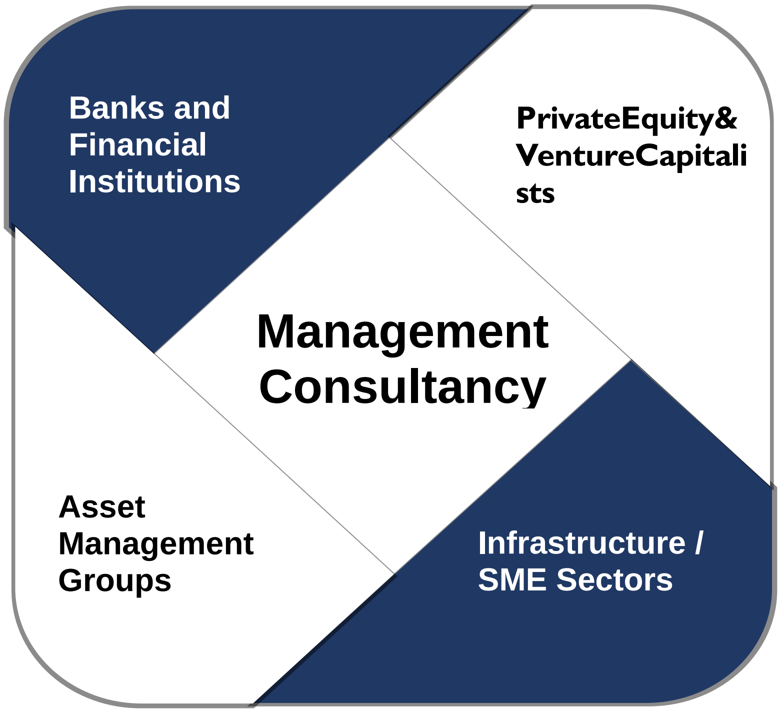
By Energy infra Post

Coal India Ltd (CIL) will convert in to sand the overburden at its mines and sell it for construction at competitive rates, an official statement said on Tuesday. Overburden is the topsoil and earth removed to reach the coal.

CIL has already commenced the production of sand and a roadmap of the next five years has been drawn to maximise the output of sand from different coal producing companies under it. "This will make the public sector firm one of the major suppliers of sand in the near future," the statement said.

CGV’s Domain Expertise & Business Structure





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