

- 1. Explain the concept of 'green economy'. Highlight the costs and benefits in making a transition towards green economy for developing countries like India. Also discuss the associated challenges. (12.5 Marks)**

**Answer:**

UNEP defines green economy as “one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities.” It aims to transition to an economy that is low-carbon, resource efficient, and socially inclusive. It is based on the idea of qualitative growth, where low-carbon and environmentally friendly technologies, as well as international cooperation play a key role.

Transition towards green economy has global importance, but it's more significant for developing countries like India with its associated benefits and costs.

**Benefits:**

- Prevent melting of glaciers, rise of sea level, variability in rainfall, temperature, crop production and climate disasters like droughts and floods saving huge environmental, social and economic cost.
- Contribution to fight against global warming, desertification, and loss of biodiversity.
- Improvements in air, water and soil quality. Reduce disease burden and deaths reducing attached human and economic cost.
- Manufacturing and markets in areas such as biofuels and renewable energy sources.
- By investing in alternative energy sources, access to energy services can be improved and infrastructure can become more energy efficient. This also reduces energy importation and saves money.
- Improve resource efficiency will increase industrial and agricultural production.
- Will create new avenues for employment and skills.

**Costs:**

- Might slow down economic development during first few years. Negatively impact poverty reduction programmes and industrial growth.
- Choosing between immediately alleviating energy issues or investing in expensive renewable energy sources.
- Requires infrastructure and time to implement.
- Changing market focus of country's main industries may lead to job losses in industries seen as not environmentally friendly such as coal mining.
- Huge cost to government in form of subsidies to promote production and use of energy efficient green products.

Apart from the associated costs, there are challenges specific to developing countries.

- Lack of know-how regarding green technology and availability of related skills.

- Absence of guarantee of future markets in presence of deep pocket Western companies.
- Developed countries may exploit green economy model using their technological advantage and environment to gain market access.
- Developing countries may be unable to meet required environmental standards on their product export, affecting their economic development.
- Developed countries have resources to provide their firms with subsidies for R&D on low carbon technologies. This results in an uneven balance between developed and developing countries.

Benefits of transition are aplenty, but associated costs and challenges demand caution. Green economy concept should address inequality shaped by current economic system. Developing countries must be reassured that new premises would not disturb the current financial and technical support approved on sustainable development principles. India has led by example in this context. It has taken gradual steps towards green economy in the last decade and has tried to balance it with development priorities. Thus a gradual transition along with international cooperation vis-a-vis transfer of funds and technology, access to markets, subsidy regime and trade barriers is a must for developing countries becoming green economies.

## **PRACTICE QUESTIONS**

**Answer the following Questions**

**(12.5 Marks)**

1. Even though the construction sector has significant multiplier effect on the economy, in recent years, it has been showing signs of stress. What are the causes for such a state of affairs? In this context, also highlight the steps taken by the government.
2. As India eyes a resurgence in port-led activities in the country, it first needs to identify the challenges which have marred their development. Elaborate various challenges faced by ports in India and highlight the steps taken to overcome them.