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## REPORT

# A Report of the Roundtable on “Pathways Towards Transition to Low Carbon for Industry in India and Developing Countries”, the Centre for Development and Environment Policy (CDEP), Indian Institute of Management Calcutta

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## 1. BACKGROUND

The Centre for Development and Environment Policy (CDEP),<sup>1</sup> an interdisciplinary platform under the aegis of the Indian Institute of Management Calcutta, as part of the Building Roadmaps for Industrial Decarbonisation and Green Economy (BRIDGE) initiative, organized a Roundtable on 16–17 May, 2022, in Kolkata. The roundtable was attended by more than 30 researchers and policy practitioners from varied disciplines such as economics, finance, political science, environment studies, and climate change, who brainstormed and formulated ideas that would contribute towards CDEP’s annual report on the theme “Transitioning Away from

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1 See the Centre for Development & Environment Policy page on the IIM Calcutta website: <https://www.iimcal.ac.in/faculty/centers-of-excellence/centre-for-development-environment-policy/centre-for-development>.

Coal for Energy Generation'. The two days of the conference were divided into four sessions with themes such as providing alternative pathways with a macroeconomic approach keeping in mind the need for a just transition, governance and policy perspectives in the adoption of low carbon technologies, opportunities and challenges for industries, and the role of investors and shareholders.

At the outset, the roundtable recognized the goals set by the Government of India in its commitment to achieving net zero carbon emissions by 2070 to manage the impending climate crisis. More importantly, the paths and means of achieving those targets were discussed in great detail through a review of various government roadmaps, targets, and scenario forecasts of agencies like the International Energy Agency. The group agreed on a bottom-up approach to managing the menace. Further, another key topic of discussion was the importance of fostering dialogue between research and policy through implementable solutions that cater to not just techno-economic interests but also socio-economic considerations, given the existence of a large informal labour market in India.

## **2. SESSION SUMMARY**

The first session stressed the need to repurpose distressed coal plants for uses like renewable energy generation, storage, and ancillary services. It was further recognized that better utilization of old assets needs to be ensured. However, it was agreed that energy justice must not be compromised in this process. The transition must take into account not only the interests of the nation but also those of individuals who may be directly or indirectly affected by it. In this context, where energy, environment, and the economy are highly integrated, the role of the government and other regulatory bodies was recognized as significant, especially in facilitating a democratic and decentralized energy framework.

Thereafter, the discussions moved towards understanding the governance structure for the carbon transition and the alignment of priorities between national and sub-national government agencies through a proper evaluation of revenue flows, transaction and transition costs, and the role of subsidies and taxes. In this regard, the second session threw light on various beneficial global policy practices in enabling carbon transition finance with a focus on technology transfer. The broad architecture involved the use of interest rate subventions for adaptation measures, identifying and assessing transition risks, providing micro-credit for sustainable development, and implementing bio-rights, along with drawing meaningful lessons from disaster finance. Further, since state-owned enterprises are often the

conduits for implementing the renewable energy goals of the government, arguments favouring concessional financing mechanisms through explicit or implicit state guarantees were placed before the house. These could reduce capital costs and attract private investments to the renewable energy sector.

The need for defining new business models through change management in organizations, along with the need for assessing the potential for decarbonization along the value chain for coal, was the focal point of discussions in the third session. It was widely opined that evolving business strategies need to incorporate sustainability risks and opportunities by taking climate risk and wider environment social governance (ESG) issues into perspective. Thus, the need for a ‘new and improved’ industrial policy was put forward, where the government works in tandem with the industry to address demand-side requirements like the promotion of low-cost technologies and supply-side initiatives like upstream policies on research and development and downstream policy support for new technologies. This process of energy diversification would not only create new channels of energy security but also open up opportunities for job creation. However, long-term planning would be required to ensure that job losses from dislocation are minimal and a proper skills gap assessment is undertaken for new jobs.

Finally, the last session centred on avenues for firms to tap financial institutions for easier access to credit. Further, the need for repurposing domestic financial institutions to fund the transition and channel financial resources into renewable energy technologies was discussed. To achieve India’s carbon transition goals by 2030, the need to assess exposure emerging from transition risk, along with the need to attract funds from multilateral agencies and have a specific financial intermediation strategy, were recognized.

### **3. CONCLUSION AND WAY FORWARD**

The workshop aimed to create a knowledge base by putting together findings from the extant literature and practices under a common umbrella to facilitate collective reflection and work towards making the research area more mainstream. There was a consensus that it must not be ‘just a transition’ but a concerted effort towards operationalizing a ‘just transition’ by exploring credible opportunities and making it lucrative for investors to finance projects. The critical discussions and reflections are expected to translate into contributed articles and sections in the CDEP’s Annual Report. This report is expected to be ready for publication before the G20 Summit to be held in India in 2023. The same group is expected to meet

again later this year to finalize the report, which could be the beginning of a journey which India undertakes in walking the talk on carbon transition.