② Internalisation of climate risk in the banking sector is a much needed task. explain?

Introduction — climate finances refers to ~~from~~ national, local, transnational financing drawn from private, public & other sources to mitigate & address climate change threats.

India joined [NGFS] which is a global network of central banks & supervisory authorities to analyse consequences of financial s/m due to climate change.

Financial risk due to climate change —

* Caused by extreme weather events

* Caused by changes in policy, regulatory framework, consumer preference, tech development to move toward low-carbon economy.

(eg) Due to climate change, we

are witnessing the rise of sea level which would affect the Coastal areas thereby it reduces the value of Coastal real estate.

(1) This consequences affects the financial strength of state & local govt. in their revenue.

(2) [Global risk report 2021 published by WEF stated that climate change & disease spread would be the highest risk for emerging ~~economies~~].

India's situation -

(1) World Bank estimated that India would experience loss of $ 1,173 Billion by 2050 only due to climate change.

(2) RBI noted that importance of climate risk financial disclosure necessare to generate more investment.

(3) Most of the indian Companies lagging the climate change disclosure due to lack of expertise, minimal access to technology & limited

Subject knowledge.

Way Forward

* Govt has to integrate the climate financial s/m with economic recovery & needing a fundamental change in financial structure s/m thereby could deepen the private investment.

* With proper guidelines & framework to standardise & mandate the climate related disclosures.

Conclusion

following Govt guidelines & regulations Indian companies could further strengthen their resilience to in facing climate change threats