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MITIGATING

TRANSITIONAL RISKS

The RBI must assess the impact of climate change on economic stability


Mitigating Risk

In a recent Monetary Policy Report, the Reserve Bank of India (RBI) has underscored the significance of extreme weather events and climate shocks. These phenomena not only affect food inflation but also have broader implications for the natural rate of interest, which influences the economy's financial stability. The report employs a New-Keynesian model incorporating a physical climate risk damage function to estimate the macroeconomic impact of climate change. Alarming projections suggest that by 2050, the economy's long-term output could be 9% lower without climate mitigation policies. If inflation hysteresis sets in, it may erode the central bank's credibility, necessitating higher interest rates and leading to greater output loss. While the RBI has made incremental strides toward a green economy, acknowledging India's need for over \$17 trillion to achieve net-zero ambitions by 2070, it can draw inspiration from the developing world. Specifically, the ASEAN region maintains a layered green taxonomy that continually updates with sectoral views on sustainable trajectories. As the RBI issues Sovereign Green Bonds and expands resources for green government securities, it must rigorously assess the quantitative and qualitative impact of climate change on economic and financial stability. By fostering administrative consultation, the RBI can populate a layered green taxonomy reflective of India's diverse developmental paths, thereby mitigating transitional risks as the economy moves toward a sustainable future.

HEALTH-CARE FINANCING

REFORMS

Affordable hospital care
Requires health-care financing
Reforms that go beyond
Price regulations



The recent ruling, by the court in India tackled the issue of hospital fees in private healthcare. Following a Public Interest Litigation (PIL) the Court instructed the government to oversee and standardize procedure costs. The PIL shed light on cost gaps, such as cataract surgeries priced at ₹10,000 in facilities compared to ₹30,000 to ₹1,40,000 in private hospitals. While the Courts involvement is praiseworthy a nuanced approach is essential for addressing this issue. Policies for standardizing rates should be practical easy to enforce and based on established pricing methods. However dealing with the intricacies of Indias healthcare system requires more than solutions. Considerations include how unregulated markets prioritize profits over care and challenges faced by bodies using "yardstick competition" methods due to diverse patient needs and unreliable data sources. Standard Treatment Guidelines (STGs) can help identify services, care levels and associated costs. By accounting for factors that impact pricing fairness while allowing for responses STGs play a crucial role, in ensuring fair prices within the healthcare sector.

LABOUR STATISTICS

Trade unions can play a pivotal role in producing labour statistics



In the evolving realm of labour organizations trade unions wield influence. Their impact goes beyond representing workers; they can actively shape labour data. In a nutshell; Trade unions, often criticized for their "class based perspectives" have the chance to revolutionize discussions. Unlike industrial figures labour statistics lack thoroughness. Yet trade unions can bridge this divide by engaging in research based on evidence. By collaborating with scholars they can produce data, on the industrial relations system and labour market (IRS LM). Here are key actions they should consider; Trade unions should proactively analyse information on strikes, union activities, contractual employment, and absenteeism and employee turnover. These statistics can guide policy making decisions. Trade unions need to delve into studies concerning factors like product markets, technology trends, trade practices and investments. A deep understanding of these dynamics will bolster their advocacy efforts effectively. Developing partnerships, with academics enables trade unions to access information and contribute to well support arguments.

Trade unions have an impact on labour statistics which contribute to discussions and push for important changes.

INDIA'S SERVICES EXPORTS

India's robust intangible exports growth faces risks that warrant a nuanced response

A research study conducted by the renowned global investment bank Goldman Sachs titled "India's Emergence, as the Leading Services Hub of the World" sheds light on India's impressive accomplishments in delivering services worldwide. The report does not

commend India's progress. It raises awareness about potential risks and opportunities for growth in the foreseeable future. Over the 18 years of India's services exports, particularly in professional consulting have experienced significant growth. These intangible exports have expanded fast as global service exports reaching close to \$340 billion last year. Since 2005 India's export growth has been ranked as the third globally following closely behind Singapore and Ireland. Its contribution to service outflows has surged from than 2% in 2005 to 4.6% in 2023. Services exports have served as a support for India's external account stability during challenging times such as high costs of oil imports.

Despite these achievements there are lingering challenges. The IT services sector in India is grappling with uncertainties as major companies are downsizing staff and adopting an approach, towards growth.

To effectively tackle challenges such, as preparing graduates for the workforce and managing resources in growing areas like Bengaluru facing water scarcity is crucial. India should adopt a strategy by focusing on expanding market opportunities promoting professional services and driving advancements in fields like artificial intelligence and block chain technologies.



SEPS AND INDIA'S MANUFACTURING DREAMS

The government must put in place measures to regulate standard essential patents before the judiciary causes further damage to India's manufacturing dreams.

India is grappling with an issue related to the utilization of "standard essential patents" (SEPs) by specific technology firms against the telecommunications manufacturing sector. SEPs pertain to patents that cover technologies adopted as industry standards like CDMA, GSM and LTE in the telecom industry ensuring compatibility among cell phone brands. Regular patents, on the other hand, can cover a wide range of inventions, processes, or designs that are not necessarily tied to industry standards. However the regulation of SEPs has primarily been entrusted to the judiciary, which has often fallen short in its oversight. This lack of mechanisms enables SEP holders to demand royalties thereby impeding competition. Despite attempts at self-regulation by technology industry associations other nations have levied fines on SEP holders for engaging in competitive behaviours.





Urgent Action Needed for SDGs

2024 is an election year across the world and newly elected governments need to focus on the all important sustainability issue

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