

SATURDAY, JANUARY 4, 2020



NO CAA-VING IN Union home minister Amit Shah

Even if all these parties come together, BJP will not move back even an inch on this issue of Citizenship Amendment Act. You can spread as much misinformation as you want



Enough of advice, time for some action

Asking for more advice is fine, but the govt needs to decide if it will act now, or will it remain hobbled by *suit-boot-ki-sarkar*

GOOD MANY businessmen were in the news in 2019 for all the wrong reasons, but one gentleman who deservedly made the headlines was Rahul Bajaj.At an event in Mumbai last month, the veteran industrialist spoke out saying businessmen were not confident the ruling establishment would appreciate any criticism; the environment, he said, needed to be more conducive. Bajaj was spot on. One is not sure if it was Bajaj's remark that prompted the prime minister to initiate a series of meetings with businesspeople—the first of which was held last week. But, no businessman or CEO is expected to criticise the government.

According to media reports, the PM is reportedly asking India Inc for suggestions on how to revive the economy. That in itself is surprising because countless suggestions have already been put forward to the government. But, assuming some new ideas are thrown up, will the government listen to businessmen and act on these suggestions? Today, the perception in India Inc, and outside of it, is that the current establishment 'favours' a few business houses that have its ear, and is willing to help them even if it is at a huge cost to others. This may or may not be true, but this perception is widespread. And, so far, there are no signs the government wants to change this perception.

The other perception is that the government is fearful of being labelled a suit-bootki-sarkar and, therefore, refrains from showing open support for industry. So far in the last six years, there has only been talk of reform and very little action. But, the government has just given away a bonanza of ₹1.45 lakh crore to companies—by way of a cut in the corporation tax rate to 22% from 30%—at a time when an individual earning an annual income of ₹10 lakh-plus must pay tax at 30%

The objective of the cut was to attract foreign players to invest in India, but the unfortunate truth is that no meaningful investments are likely to come in. After the Vodafone episode—with Kumarmangalam Birla saying it would need to shut shop unless there was some relief on the AGR payments—global corporations cannot be blamed for being wary of investing large sums in

Corporate tax cut

won't help without

sweeping reforms in

other areas; and

which global CEO will

invest given the

uncertainty over

policy? Also unfair

that the salaried pay

higher taxes than fat-

cat firms who aren't

even investing

India. And, at some point, this could tell on FDI inflows; between April and October, 2019, the flows of \$40 billion were up only about 8% over the corresponding period of FY19. To be sure, there will be investors—Lakshmi Mittal's Arcelor Steel has brought in some \$7 billion to buy EssarSteel. But, by and large, it is the services sector—e-commerce, banking, insurance—that have attracted FDI flows rather than defence or manufacturing.

And, it is hard to see global multinationals betting big on India in the near-term. For one, the country's large addressable consumer market—which is the biggest draw—doesn't look like such a big catchment with the economy in a rut and threatening to stay there for a long time. Private consumption has been slowing—as seen in the sales trajectories of homes and cars—even as household savings as a share of GDP have been coming off sharply to about 17% from the peaks of 26% in 2010. Indeed, with a growth rate of 5% or

thereabouts, and the spectre of a prolonged slowdown, India is no longer such an attractive economy.

Also, merely cutting the corporation tax rate isn't enough. Even before doing that, the government needed to have improved the business environment in terms of the ease of doing business; never mind the jump in rankings, the reality on the ground is that it is very difficult to do business in India given the red tape, and corruption. In fact, after promising reform in labour laws, all that the government has done is to say it would support state governments in their efforts to ease the rules. The biggest problem, of course, is the government's approach to policy—in the telecom sector, the rules have been framed in a manner that it doesn't provide a levelplaying field and endangers one set of players. Even in the e-commerce space, the government should desist from favouring local players who believe they have the right to control the business even if they are not the majority shareholders. Capital whether local or foreign—needs to be respected, and rules, once framed, should not be changed later, after investments have been made. To be sure, corporate India hasn't covered itself with glory these past few years; the loan losses at banks, of ₹10 lakh crore or more, are evidence of that. But, Bajaj is right when he says the environment isn't friendly. The government needs to demonstrate—with policy action that it is unbiased, and willing to reform. It may feel it can do all the heavy-lifting, but it is clear even from the current year's finances that it cannot spend as much as it wants to on capex. Given that the state of the economy doesn't seem to be a big factor with much of the electorate, the NDA may come back to power in 2024. Whether India Inc will support it is the question.

PoweringAHEAD?

Punjab is mulling over ending power subsidies to big farmers, a big reform. But, it has failed to act on this twice in the past

HEPUNJAB GOVERNMENT is considering ending power subsidies to big farmers (owning more than 10 acres of land). This is a step in the right direction, though much delayed—the Punjab State Farmers' and Farm Workers' Commission had first proposed charging farmers with more than four acres of land ₹100 per BHP of their pumps per month in 2018. It had subsequently proposed, in a draft farm reforms policy, that subsidies to such farmers be cut to 33%—and to 66% for farmers who adopted micro-irrigation. The government had taken it up for consideration twice before now. Punjab's power subsidies have brought the state to its knees—the CAG had highlighted that the state government had to pay off loans incurred by Punjab State Power Corporation (PSPCL), the state-owned genco-discom, which had severely depleted state finances. PSPCL, of course, had taken these loans because the state had deferred payment of subsidy dues. The state has been reluctant, so far, to end the power subsidies for farmers, likely because of the political fallout the move would have.

The subsidy policy had long stopped making economic sense—while power consumption in agriculture rose 1.2 times between FYO2, when the policy came into effect, and FY15, the share of agriculture in the Punjab GSDP has fallen from 18.8% in FY12 to 14.4% in FY19. This is likely to fall further given the water-table in the state has crashed in 2016, nearly 85% of the blocks in the state were classified as over-exploited/critical for groundwater availability versus 53% in 1984—and climate change effects could exacerbate the pain. Given how free power and the procurement policy, centred on water-guzzling crops like paddy, resulted in unsustainable drawing of groundwater in the state, any reform in either of the policies can only be welcome.

The Punjab power subsidy never really benefited the farmers that need such support the most. As per the Centre for Research in Rural and Industrial Development, while there are 14.5 lakh agricultural tubewells in the state, less than a fifth of the farmers benefiting from the policy are small farmers with landholdings of 2.5 to 5 acres. With the public-procurement–MSP route delivering only feeble income growth, and with a strong case for direct cash transfers obviating the need for food subsidies, power subsidies will mean less for even those who corner the bulk of it. Power subsidy for agriculture to talled ₹6,000 crore last year, nearly half of the state's power subsidy and arrears bill; for perspective, the power subsidy bill before the policy came up was just over ₹1,600 crore. While the Punjab government missed the bus in 2018 and 2019, if it continues to pussyfoot on this fearing farmer reaction, it will only have itself to blame even as its own finances and farm growth both continue to suffer.

CLIMATE CRISIS

WHILE IT WILL TAKE GENERATIONS FOR THE FULL CONSEQUENCES OF CLIMATE CHANGE TO PLAY OUT, THERE WILL BE MANY LOCALISED, TEMPORARY DISASTERS ALONG THE WAY

Apocalypse becomes the new normal

HE PAST WEEK'S images from Australia have been nightmarish: walls of flame, blood-red skies, residents huddled on beaches as they try to escape the inferno. The bush fires have been so intense that they have generated "fire tornadoes" powerful enough to flip over heavy trucks.

The thing is, Australia's summer of fire is only the latest in a string of catastrophic weather events over the past year: unprecedented flooding in the Midwest, a heat wave in India that sent temperatures to 123 degrees, another heat wave that brought unheard-of temperatures to much of Europe.

And all of these catastrophes were related to climate change.

Notice that I said "related to" rather than "caused by" climate change. This is a distinction that has flummoxed many people over the years. Any individual weather event has multiple causes, which was one reason news reports used to avoid mentioning the possible role of climate change in natural disasters. In recent years, however, climate

scientists have tried to cut through this confusion by engaging in "extreme event attribution", which focuses on probabilities: You cannot necessarily say that climate change caused a particular heat wave, but you can ask how much difference global warming made to the probability of that heat wave happening. And the answer, typically, is a lot: Climate change makes the kinds of extreme weather events we have been seeing much more likely.

And while there is a lot of randomness in weather outcomes, that ran-



change much more damaging in its early stages than most people realise. On our current trajectory, Florida as a whole will eventually be swallowed by the sea, but long before that happens, rising sea levels will make catastrophic storm surges commonplace. Much of India will eventually become uninhabitable, but killing heat waves and droughts will take a deadly toll well before that point is reached.

Put it this way: While it will take generations for the full consequences of climate change to play out, there will be many localised, temporary disasters along the way. Apocalypse will become the new normal—and that is happening right in front of our eyes.

The big question is whether the proliferation of climate-related disasters will finally be enough to break through the opposition to action.

There are some hopeful signs. One is that the news media has become much more willing to talk about the role of climate change in weather events.

Not long ago it was all too common to read articles about heat waves, floods and droughts that seemed to go to great lengths to avoid mentioning climate change. My sense is that reporters and editors have finally gotten over that block.

The public also seems to be paying

attention, with concern about climate change growing substantially over the

The bad news is that growing climate awareness is mainly taking place among Democrats; the Republican base is largely unmoved.

And the anti-environmental extremism of conservative politicians has, if

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anything, become even more intense as their position has become intellectually untenable. The right used to pretend that there was a serious scientific dispute about the reality of global warming and its sources. Now Republicans, and the Trump administration in particular, have simply become hostile to science in general. Hey, aren't scientists effectively part of the deep state?

Furthermore, this isn't just a US problem. Even as Australia burns, its current government is

reaffirming its commitment to coal and threatening to make boycotts of environmentally destructive businesses a crime.

The sick irony of the current situation is that anti-environmentalism is getting more extreme precisely at the sive action should be better than ever. On one side, the dangers of climate

moment when the prospects for deci-

change are no longer predictions about the future: We can see the damage now, although it is only a small taste of the horrors that lie ahead.

On the other side, drastic reductions in greenhouse gas emissions now look remarkably easy to achieve, at least from an economic point of view. In particular, there has been so much technological progress in alternative energy that the Trump administration is trying desperately to prop up coal against competition from solar and wind.

So will environmental policy play a role in the 2020 campaign? Most Democrats seem disinclined to make

it a major issue, and I understand why: Histor-The sick irony of the ically, the threat posed by right-wing environmental policy seemed abstract, distant and hard environmentalism is to run on compared with say, Republican attempts to dismantle Obamacare. But, the wave of cli-

mate-related catastrowhen the prospects phes may be changing the political calculus. for decisive action am not a campaign should be better expert, but it seems to me that campaigns might get some traction with ads showing recent fires and floods, and pointing out

that Donald Trump and his friends are doing everything they can to create more such disasters. For the truth is that Trump's envi-

ronmental policy is the worst thing he is doing to America and the world. And voters should know that.

Revolutionary Guards Commander

Pollution crises fuelling migration

Climate change is known to amplify the vulnerabilities of individuals and communities as a whole by exacerbating underlying factors of migration, besides aggravating intensity of hazards

OVER THE LAST few years, as concern over air pollution has grown, residents who have spent their entire lives in the Delhi-NCR region have made the difficult decision to relocate. Although, this phenomenon appears to be limited to the elite who can afford it. In fact, a recent online survey carried out by *The Economic Times* indicated 78% of the 2,272 respondents listed the "high level of pollution" as the main reason for wishing to move out of India's metropolitan cities; 30% wanted to shift out in five years, and another 26% just waiting for the right job to come along. A survey on *Coping with Pollution* was conducted this year to gauge the reactions of residents of the region to the air pollution levels. It received more than 17,000 responses, 40% of whom indicated they would prefer to leave Delhi-NCR and relocate elsewhere to avoid the toxic air. The choice to migrate due to pollution has seen an increase from 35% in last year's survey, with this being dependent upon the ability to find job opportunities elsewhere.

Examining human mobility in response to changes in air pollution is a complex task because there are economic benefits of living in big cities more job opportunities, higher pay, better medical and education facilities, superior infrastructure, etc—which make them susceptible to higher pollution. These factors actually cause massive flows of in-migration into such areas, where economic prosperity is a trade-off against the harms of pollution. However, in the face of increasingly toxic environments, people have decided that the economic opportunities presented by polluted cities are not worth the cost to their health and their children's future. This cluster of "pollution refugees" or "air pollution migrants" has been growing steadily, temporarily or sometimes even permanently, resettling in places with a better quality of air and life.

Research across the world has demonstrated that air pollution, and environmental degradation have a significant impact on the inflows and outflows of migration. China is a notable example in this context, where following high-profile global coverage of the 2013 "airpocalypse", Beijing declared a "war on pollution". A study conducted in China by the National Bureau of Economic Research in 2017 indicated that in spite of governmental restrictions on migration and its high costs, there has been increasing human mobility with increasing air pollution. It noted that a county that saw an increase of 10% in the air pollution in a year, with everything else constant, would experience about a 2.7% reduction in its population. Few studies from the Czech Republic also confirm negative effects of air pollution on net migration, demonstrating that air pollution can become a negative externality and act as a driver of out-migration or prevent in-migration. Another empirical study at the provincial level in Italy suggested that environmental pollution has begun to gain prominence in the public domain, and eventually it would induce larger human outflows towards places with a better quality of life.

When anthropogenic disasters are assessed in the larger context of climate change, we see an impending crisis needing immediate attention. Throughout the world, the effects of climate change can be witnessed in the form of rising sea levels, inundation of coastal lands, destruction of fragile ecosystems, and natural disasters, like floods, cyclones, droughts, etc, increasing in frequency and intensity. As a response, human mobility in and out of climate 'hotspots' is steadily rising, and most of this migratory flux is internal. According to a recent report by the World Bank, "worsening impacts of climate change in three densely populated regions of the world could see over 140 million people move within their countries' borders by 2050, creating a looming human crisis and threatening the development process".

India is particularly vulnerable to the effects of climate change, with around 68% of the country being prone to drought, 60% to earthquakes, and 75% of the coastline being vulnerable to cyclones and tsunamis. These physical factors, in combination with the country's high population density, poverty levels, rapid urbanisation, and environmental degradation, make it the country most at risk of damage and displacement associated with disasters in South Asia. However, there is little recognition of the impact of climate change on human mobility in India, and there is a notable

SUMIT SHARMA

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lacuna in policies at the intersection of climate change and migration at both the national and state levels. In order to best address this gap in Indian policy, policy makers must look to

integrate resilience into India's environment-dependent agrarian economies, and explore the adaptive capacities of the communities that manage to cope without migration. Policies must address urbanisation and sustainable development, and be geared towards mainstreaming migration into development planning. Any meaningful corrective action is possible only with a proper statistical database, the creation of which urgently requires systematic data collection and scientific analysis on the issue of climate-mediated migration. We need to better understand the demographics of pre- and post-migration, income and household profiles of those who decide to migrate, migration trends in terms of 'climate hotspots' that send and receive migrants, impediments and facilitators of environmental migration, and the duration and nature of migration, whether temporary or permanent. India, being particularly vulnerable to climate change, needs to plan ahead to avoid large-scale loss and damage.

Ultimately, migration is an individual decision, taken in response to changing life circumstances, and local environmental conditions. Climate change is known to amplify the vulnerabilities of individuals and communities as a whole by exacerbating underlying factors, besides aggravating frequency and intensity of hazards. The poor encounter complex, reinforcing pressures of political marginality, economic disadvantage, and environmental vulnerability, and in the face of both slow-onset climate change impacts and natural or anthropogenic disasters, find themselves in distress. They either find themselves displaced and forced to migrate, or, alternatively, are trapped in circumstances where they want or need to leave, but cannot, held as hostages of climate change. We need to address the climatic drivers of migration, along with the interlinked goals of reducing poverty, fighting hunger and achieving food security, and promoting sustainable development in order to ensure that migration is a choice, and not a necessity.

LETTERS TO THE EDITOR

The killing of Soleimani The targeted killings of Iranian

and Ayatollah Ali Khamenei's confidante Qassem Soleimani and Iraqi militia commander Abu Mahdi Al-Muhandis in rocket attacks by the US forces in Baghdad days after declaring his liking for 'peace' has precipitated the Middle East into a war-like situation. The deployment of more American troops in the US base in Kuwait was a clear indication of the escalation of conflict in the region. In a display of self-congratulation and triumphalism, Donald Trump tweeted a picture of the American flag following the killings. Probably he badly needed it to improve his domestic stock in this election year. The Trump administration has justified the 'decisive defensive action' saying that it was needed 'to deter future Iranian attack plans'. But, Joe Biden has opined that it might have the opposite effect. It is likely that the US's overreaction to the storming of the US embassy in Baghdad, will endanger American citizens and jeopardise its interests in the region. Tehran has described the attacks as 'rogue adventurism' and the assassinations as 'martyrdom', and vowed to avenge them. In Iran, Qassem Soleimani was extolled as a national hero who fought the US forces and ISIL backed by Western powers and defended the country. The initial 'celebration' by antigovernment forces in Iraq is understandable in that Soleimani wielded a lot of clout with the Iraqi government to dissuade it from yielding to their demands. Washington has held that the Iranian regime has American blood on its hands. But, silent on the blood it has spilled across the globe. The US imperialist policies and wars of attrition in the Middle East over the last few decades in collusion with Saudi Arabia and other allies, testify to its military and economic expansionism. The 'revolutionary movements' in the region have resisted to a great degree attempts for hegemonic control. The killing of Soleimani has set the stage for war; nevertheless, war means death and destruction; reason enough to avert it anywhere in the world. — G David Milton, Maruthancode

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FINANCIAL EXPRESS

It's time for a national renewable energy database

Such a database will serve both policymakers and developers. For the former, it can be an early-warning mechanism, allowing them to make targeted, timely and effective evidencebased interventions. For the latter, it can be a valuable tool to source capital at scale on favourable terms as a result of increased transparency



The author is adviser, CEEW Centre for Energy Finance

NDIA HAS COME a long way in its efforts to decarbonise electricity generation. Installed solar and wind capacity has now crossed 68 GW, compared to a modest 16 GW in 2010. In fact, from a utility-scale

solar perspective, India already ranks the third largest market globally, after China and the US.

Enabling policies and interventions is vital to any business generating returns over an extended time period, but requiring vast upfront capital investment. Renewable energy (RE) is no different from other infrastructure classes in this respect. However, what sets RE apart is the scale of the ambition set by the government on one hand, and its unique operating profile on the other. Taken together, these two complementary aspects combine to form the perfect setting for the effective harvesting of data.

Let us begin with the Prime Minis-

ter's recently announced target of 450 GW of installed RE capacity (by 2030, by most accounts). This will require the mobilisation of investment flows equivalent to many hundreds of billions of dollars, volumes yet unseen in India. To put it into perspective, sometime ago, the Reserve Bank of India (RBI) estimated the accumulated exposure of the entire Indian scheduled commercial banking system to the power sector as a whole, to be around Rs 5.65 lakh crore. Equivalent to \$80 billion, this is a huge sum by itself. However, it pales in comparison to the amount required to effect India's energy transition, which will not just need capital for generation assets, but also for upgrading transmission and distribution infrastructure.

Such a mammoth deployment of RE capacity will come with benefits

49

that extend beyond decarbonisation. Enhancing India's claim over global climate leadership is one such benefit, with the potential to generate substantial diplomatic capital at an international level. When it comes to RE, the stakes could not be higher. But the question is, are current policies sufficient to deliver on the scale of India's ambitions? On the policymaking front, inter-

ventions for traditional power generators have been geared to address long gestation periods, cost overruns, fuel availability, and environmental risk, among others. However, RE is largely immune to such risks. Policymakers have, therefore, focused on addressing RE-specific risks, with solar parks and power purchase agreements (PPAs) executed by quasi-sovereign counterparties being some innovative examples. Having secured a few low-hanging fruits, how can RE-specific interventions evolve even further by responding to some of the less obvious features?

To begin with, let's take the sheer number of RE project-specific special purpose vehicles (SPVs) that are set up to feed electricity into the grid. Each is distinctly

> to enable sponsor developers to raise nonrecourse project debt on attractive terms. Some of the larger RE developers already have scores of

incorporated under

the Companies Act, primarily

Existing databases

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contributions would

provide

SPVs under their holding companies. India's first solar park, established in Charanka, Gujarat, in 2012, itself has in excess of 30 project-specific SPVs, each owned by a different developer. Now, add to this pool the numerous project SPVs that will be established along the road to the 450 GW RE target, adding to the hundreds that are already operational or are under development. Each project SPV generates electricity, but it also generates another extremely valuable commodity, i.e. information.

Appropriately harvesting and disseminating this information can profoundly impact the pace of deployment of RE capacities in India.

So, how does RE's negligible operating cost structure and lack of complexity fit into the picture? It means that the

information that investors require from any project SPV is surprisingly modest in scope. It comprises a specific mix of techno-commercial data including but not limited to grid availability, which can be correlated against variables such as PPA tariffs and offtaker identity. This information is, in fact, indirectly embedded in the annual accounts that individual project SPVs file with the ministry of corporate affairs. Incidentally, such accounts are readily available in the public domain, but the challenge is that the relevant datapoints are not easily extractable. Most crucially, existing databases that aggregate information at a state, distribution company, or even developerlevel on the basis of voluntary and selective contributions, fail to match the granular detail that project SPVlevel data contributions would provide.

Investors have backed the deployment of sizeable RE capacities in India despite a discernible gap between the type of information valued by them and what is readily available. Multiple refinements to RE policymaking are under development to facilitate future deployments, including the introduction of new financial instruments and risk-mitigation measures. These will undoubtedly play a crucial role in mobilising the requisite hundreds of billions of dollars. However, they are unlikely to achieve their potential in an information vacuum.

This information vacuum can be best filled by a distinct National Renewable Energy Database, populated by mandatory data contributions by all RE project SPVs and suitably ring-fenced

from data generated by traditional generation sources. The added burden in terms of level of disclosure is neither significant nor time-consuming. This burden can be further mitigated by seeking precise, welldefined and limited dat apoints, reflecting RE's simple generating profile. Such a database will serve both policymakers and developers in equal measure. For the former, it can be an early-warning mechanism, allowing them to make targeted timely and effective evi-

dence-based interven-

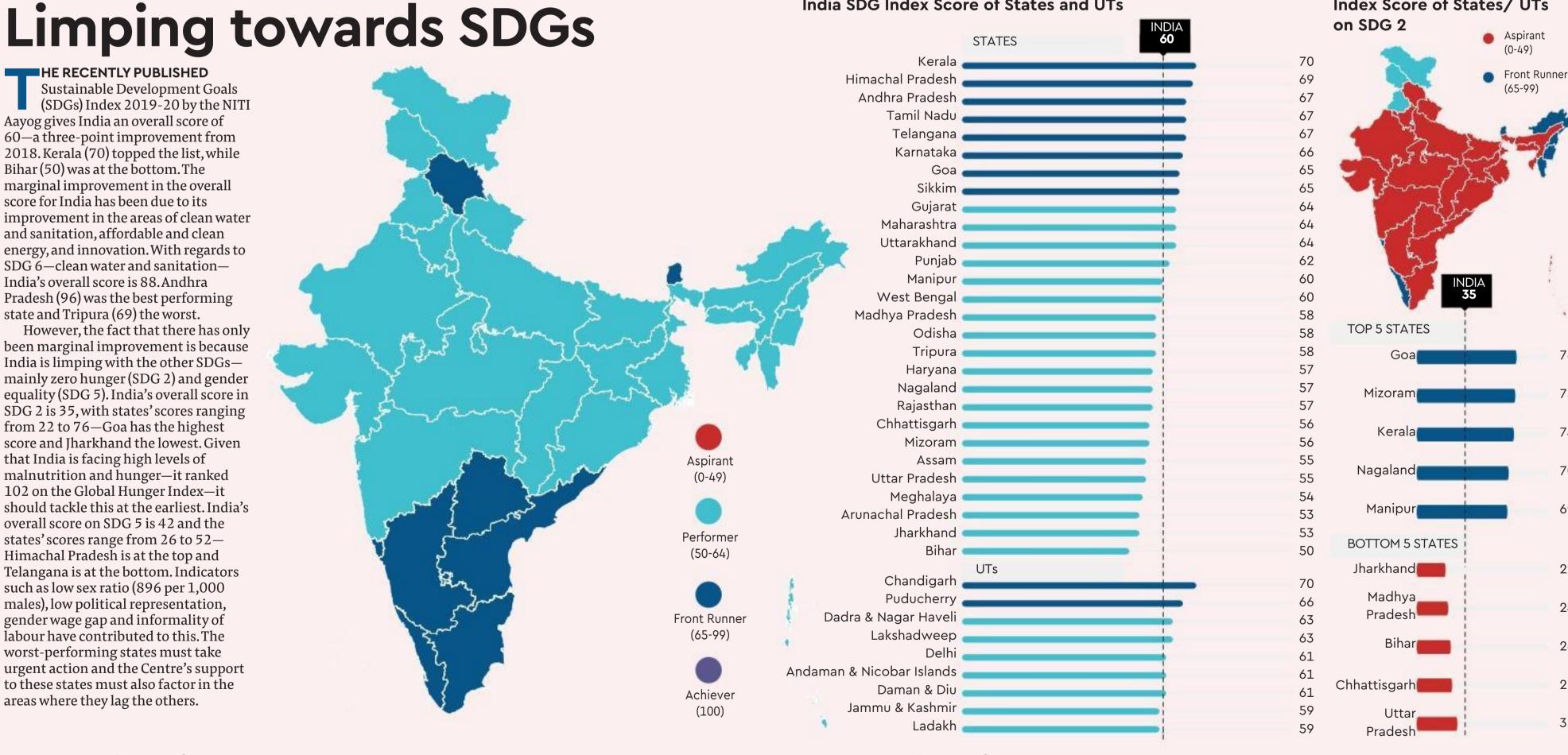
tions. For the latter, it can be a valuable tool to source capital at scale on favourable terms as a result of increased transparency. Most importantly, for the nation, it represents a nominal cost investment force multiplier whose time has come.

Index Score of States/ UTs

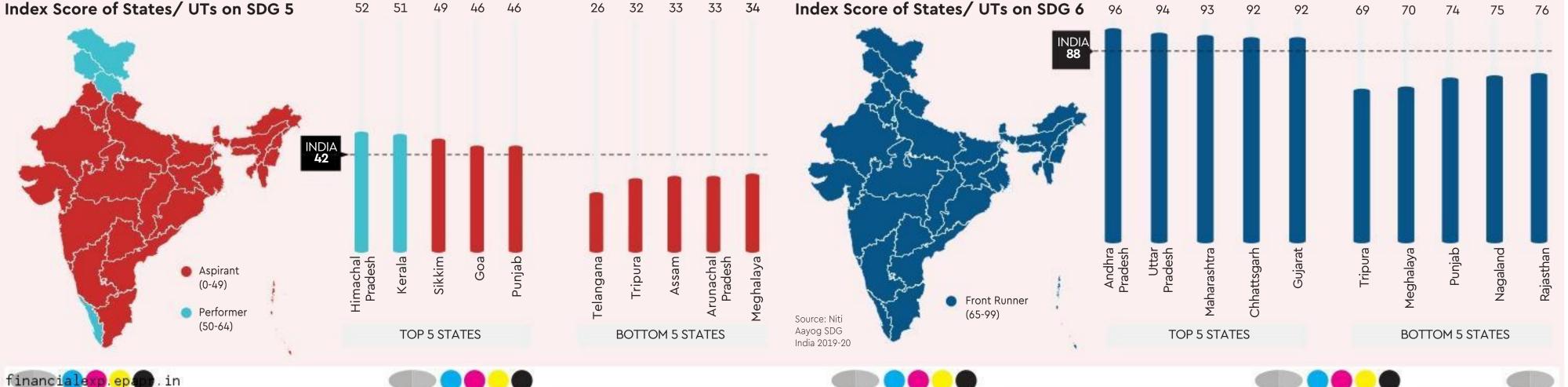
DATA DRIVE

■HE RECENTLY PUBLISHED Sustainable Development Goals (SDGs) Index 2019-20 by the NITI Aayog gives India an overall score of 60—a three-point improvement from 2018. Kerala (70) topped the list, while Bihar (50) was at the bottom. The marginal improvement in the overall score for India has been due to its improvement in the areas of clean water and sanitation, affordable and clean energy, and innovation. With regards to SDG 6—clean water and sanitation— India's overall score is 88. Andhra Pradesh (96) was the best performing

state and Tripura (69) the worst. However, the fact that there has only been marginal improvement is because India is limping with the other SDGs mainly zero hunger (SDG 2) and gender equality (SDG 5). India's overall score in SDG 2 is 35, with states' scores ranging from 22 to 76—Goa has the highest score and Jharkhand the lowest. Given that India is facing high levels of malnutrition and hunger-it ranked 102 on the Global Hunger Index—it should tackle this at the earliest. India's overall score on SDG 5 is 42 and the states' scores range from 26 to 52-Himachal Pradesh is at the top and Telangana is at the bottom. Indicators such as low sex ratio (896 per 1,000 males), low political representation, gender wage gap and informality of labour have contributed to this. The worst-performing states must take urgent action and the Centre's support to these states must also factor in the areas where they lag the others.



India SDG Index Score of States and UTs



33

33