

07.10.2021

Thursday



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Why is there a coal crisis in India, and what impact will it have?

India coal shortage: What is the reason for the coal shortage, and how will its impact be felt? What is the way forward?



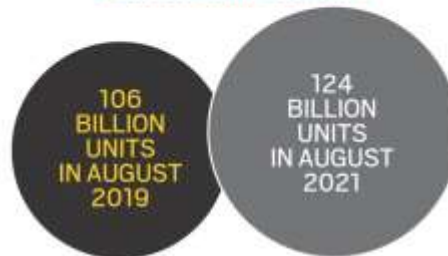
EXPRESS explained. INDIA'S COAL CRISIS

- Coal-fired plants make up nearly 70 per cent of India's power source mix
- On October 1, the Power Ministry said that the 135 thermal power plants in the country had only an average of about four days of coal stocks left

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EXPRESS explained.

REASONS FOR THE SHORTAGE



SHARP UPTICK IN DEMAND

- Heavy September rains in coal-mining areas hit production and delivery, and plants failed to build up their stocks pre-monsoon
- Demand had outstripped supply, despite increased buying from Coal India
- Sharp fall in imports due to high prices

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EXPRESS explained.

IMPACT OF THE SHORTAGE

- If industries face electricity shortages, it could delay India's economic reopening
- Some businesses might downscale production
- India's population and underdeveloped energy infrastructure will mean the power crisis could hit long and hard

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EXPRESS explained.

WAY AHEAD

- State-run Coal India and NTPC Ltd are working to raise output from mines
- The government is trying to bring more mines on stream to boost supply
- India will need to amp its imports, despite the financial cost. From Indonesia for instance, the price rose from \$50/tonne in March to \$200/tonne in September
- However, supplies have been tight with global coal prices rise

TEXT: AGENCIES; ILLUSTRATION: SUVAJIT DEY



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Why India needs an urbanisation policy

A policy is needed to guide the planning and management of cities towards enabling India's growth ambitions and also giving its residents a good quality of life, in a sustainable manner.

Cities are drivers of economic growth

1. As India urbanises, it must ensure that its cities offer a decent quality of life and facilitate job creation. These imperatives are fundamental to India's ambitions of becoming a five trillion-dollar economy by 2025 and a 10 trillion-dollar economy by 2030.
2. From a population of 377 million in 2011, Indian cities are projected to house 870 million people by 2050, according to the UN's projections — by far the highest among all nations.
3. Delhi is likely to become the world's most populous urban agglomeration by 2030, surpassing Tokyo. Clearly, a major demographic transformation is taking place.

Notwithstanding their criticality, cities face several challenges today

1. Inadequate affordable housing has meant that almost one-sixth of the urban population lives in slums.
2. The water supply is unreliable.
3. Mountains of solid waste sit on the fringes of our cities.
4. Poor drainage, congested roads and deteriorating air quality are other challenges.
5. For our growth ambitions to succeed, not only do these gaps have to be filled, but even greater needs, necessitated by the growing population, have to be accommodated.

Cities are Engines of Economic Growth

- Urban population is currently around 31% of the total population
- Contributes over 60% of India's GDP
- Projected -- 75% of the national GDP in the next 15 years



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Cities are Engines of Growth

- They manufacture wealth
 - Manufacturing occurs in urban areas
 - Why rich countries are predominantly urban
- Urbanization makes mass production possible
 - Manufacturing is related to scale economies
 - Scale economies require people in terms of variety and quantity

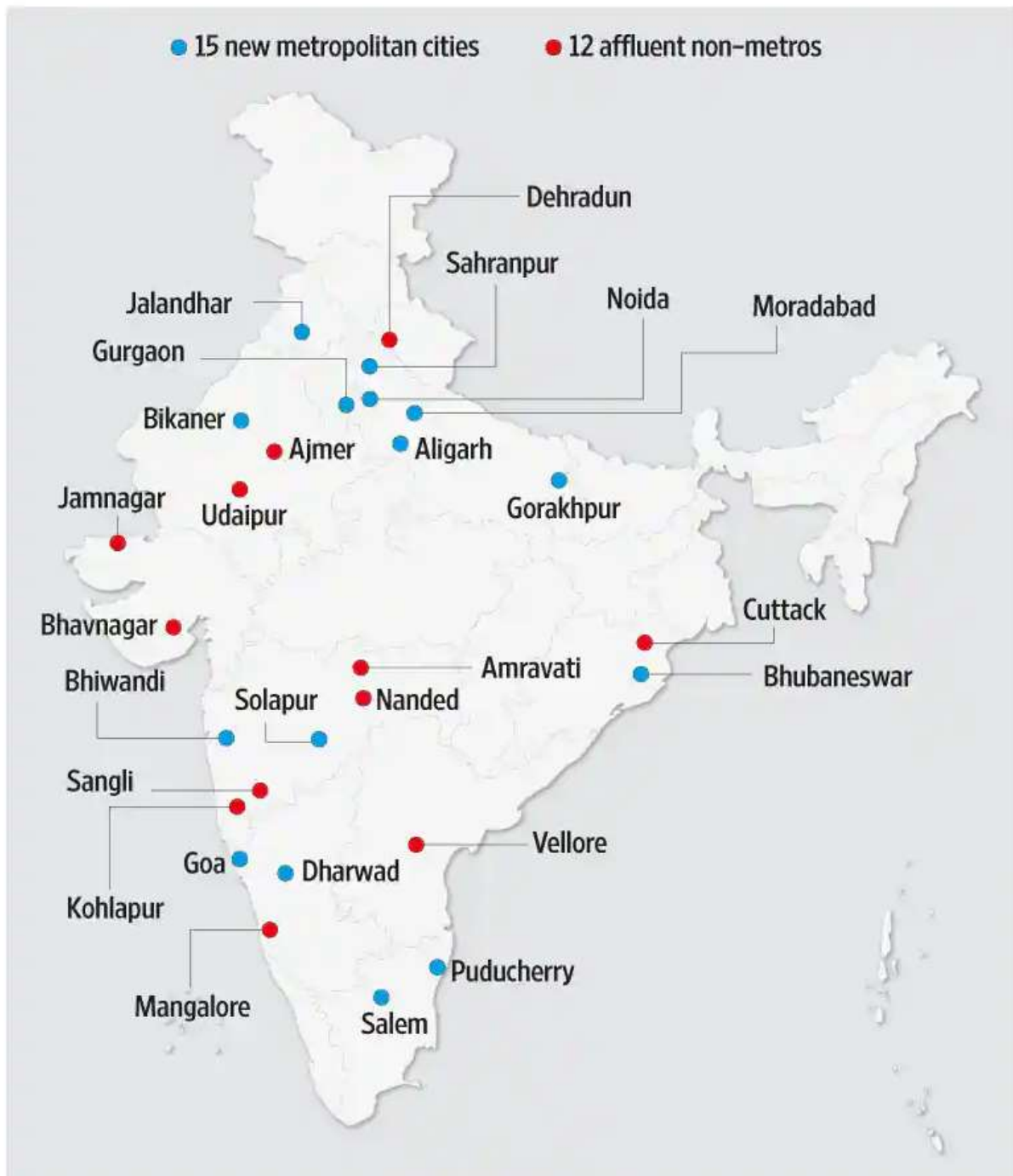
Way Forward:

1. Estimates by a high-powered expert committee indicated in 2011-12 that nearly Rs 39-60 lakh crore is to be invested in urban infrastructure in the next 30 years. These amounts are outside the range of what the public budget can support.
2. The need is for a well-thought-out urbanisation policy to guide the planning and management of cities towards accommodating and enabling India's growth ambitions and also assuring its residents a good quality of life, in a sustainable manner.

Size of cities:

1. Large cities offer agglomeration economies but are complex to manage. Dense cities are harbingers of infrastructure-related economies but are vulnerable to the spread of disease, as evident from the Covid-19 pandemic.
2. A proper balance between agglomeration economies and manageability as well as density and distance will hold the key in determining the right size for our cities.
3. A way around this is a kind of decentralised urbanisation where multiple cities are clustered into growth regions. These would facilitate agglomeration economies and yet be of a manageable size.
4. The Paris region offers an excellent example, with several townships within its ambit.

EMERGING CITIES TO WATCH OUT FOR IN 2025





Finances:

1. The second issue concerns finances. Resources other than the public budget need to be tapped.
2. Monetising land assets is an option. More efficient service delivery through the private sector is another. Improving property tax collections.

Ease of living:

1. Third, urban dwellers should be able to live, work and play safely and happily. India has boasted of well-planned cities from time immemorial. Mohenjo-Daro and Harappa have been role models for the rest of the world.
2. The country must focus on good urban planning, instead of prioritising construction. Decisions on what to build need to emerge from a good plan, not in isolation. Planning must be dynamic enough to adjust to a city's growth.

Sustainability and resource efficiency:

1. We cannot afford to lose sight of sustainability. Despite having 18 per cent of the world population, India has only 2.5 per cent of the world's landmass and 4 per cent of the world's freshwater.
2. Hence, global standards of land and water use may be too generous for us. Resource efficiency should be integral to urban planning.
3. Fortunately, our cities are still growing, and we are well placed to guide them into a low-carbon growth path.
4. Energy-efficient buildings, sustainable building materials, clean energy, water harvesting, segregation of waste, electric mobility, public transport, walking and cycling are sustainable practices that need to be mainstreamed into urban planning.
5. Building resilience to mitigate the negative impacts of climate change will also be critical.

Nature of work and Mobility:

1. Developments in technology that make it easier to work remotely will test older paradigms of office-based work. This work culture could change travel patterns and the need for transport infrastructure.
2. An urbanisation policy should take cognisance of future mobility patterns. Increasingly, travel patterns are getting limited to shorter distances, requiring more non-motorised transport infrastructure rather than high-speed systems better suited to longer trips.

A sound urbanisation policy will guide how the growing urban population lives, works, and plays in India's cities of the future. Such a policy is the need of the hour and cannot be delayed.