



drishti

## Green Energy Transition For Economic Growth

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This article is based on **India needs an economic stimulus that can also aid green energy transition** which was published in The Indian Express on 21/07/2021. It talks about the greener ways to achieve faster economic growth.

The economic and social disruption caused by the **Covid-19 pandemic** is devastating. Millions of enterprises face an existential threat. Informal economy workers are particularly vulnerable because the majority lack social protection and access to quality health care and have lost access to productive assets and demand in the economy.

A large demand stimulus seems necessary in getting the **V-shaped economic recovery** that India needs. In this context, a green stimulus can create demand, address air pollution and accelerate the green energy transition.

### Covid-19 Impact on Indian Economy

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- **GDP Growth Rate:** Due to the impact of the Covid-19 outbreak on business confidence, financial markets and the travel sector, including disruption to supply chains, economic growth rate suffered significantly.
- **Pharmaceuticals:** Given the pharmaceutical industry's deep linkages to China, the supply chain of raw materials of drugs has taken a hit.
- **Automobile Industry:** The coronavirus is expected to have an impact on the Indian automotive industry and therefore also on the automobile component and forging industries, which had already reduced their production rate due to the market conditions and on account of the impending change over to **BS-VI emission norms from BS-IV** from April 2020.
- **Manufacturing and Other Sectors:** While manufacturing may not be directly hit due to partial lockdowns, the impact on the contact services sectors like hospitality, travel, and tourism will have a multiplier effect, as these sectors have strong backward linkages with other sectors of the economy.

### Focus on Green Energy For Boosting Economic Growth

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- **Crop Residue And Electricity Generation:** Around Diwali, the **burning of rice crop residue** in northern India creates an air pollution crisis.
  - This can be avoided by procuring all the crop waste at a remunerative price.
  - The waste can be converted into briquettes, which can be substituted for coal in thermal power stations.
  - **NTPC** has already done this successfully without adding to the cost of generation, as the cost of briquettes is comparable to that of coal in energy terms.
- **Boost Investment:** The crop waste can be given for conversion into briquettes to private entrepreneurs. Dispersed private investment for conversion would take place, creating **demand for the conversion equipment, labour and transport.**

Alos, Air pollution would be reduced without any cost to the government.
- **Electric vehicles (EVs):** **EVs** Such as cars, three and two-wheelers are available in the market. They do not cause air pollution. They are also considerably cheaper to run on a life cycle per km basis.
  - But demand is not rising because of the lack of charging infrastructure.
  - A national programme for building charging stations in all cities with a population of over a million is called for. It can be financed fully through a central government guaranteed debt.
  - This would provide a large demand stimulus across the country, generate a sustained surge in demand for EVs and their **manufacturing supply chain.** The purchase of electric buses for city bus services may also be fully financed through government guaranteed debt.
  - These measures, in addition to creating **a demand stimulus,** would also lead to substantial improvement in air quality in our highly polluted cities.
- **Renewable Energy Infrastructure:** India has shown admirable ambition in going well beyond its commitment under the **Paris agreement** to aim for 450 GW of **renewable energy capacity** by 2030.
  - An easy way of achieving progress is to have a national policy guidance for the states to get electricity distribution companies to announce a remunerative price (feed-in tariff) at which they would buy solar power in the kw range from the rural areas.
  - Solar power generated in a village would make it much easier to provide electricity in the day to farmers for irrigation.
  - This would also facilitate more **efficient use of water.** If generating 1 MW from a village is realistic, with 6 lakh villages, there is a potential of 600 GW capacity creation.
  - Such a programme would generate widely **dispersed private investment and increased incomes.**

- **Income Generation At Village:** Now that all households are getting LPG stoves and cylinders and have already got electricity connections, cow dung is no longer required for cooking. It can be converted in small village-level plants to gas which can be used as a fuel for cooking and transport, or, to generate electricity.

A government-promoted system for procurement of this gas, or electricity generated from this gas, at a remunerative price would create the right incentives for private investment and income generation across all villages.

- **Livestock Wealth:** India has the largest cattle population in the world and the goal should be to convert all the cow dung into useful commercial energy. This would be a fit case for a bit of cross-subsidy.

Cross-subsidy was used to get the National Solar Mission going. Costs have since fallen dramatically.

## Conclusion

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It is important to know that innovations around solar power, crop residue can create dispersed demand and jobs with large multiplier effects

Thus, these are some innovative and affordable pathways for a green stimulus which would create dispersed demand and jobs with large multiplier effects and clean and green energy.

### ***Drishti Mains Question***

India needs an economic stimulus that can also aid green energy transition. In the light of the statement discuss the greener ways to boost economic growth.

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