Opportunities in Crisis: Green Recovery in the Post-COVID world

How Green Spending Could Better Meet India’s Economic and Environmental Objectives

10th March 2021

Vibhuti Garg
Energy Economist, Lead India
IEEFA
How much of the Fiscal Stimulus is Green?
Is India’s support tilted towards fossil fuels or clean energy?

**Fossil vs Clean Policy Measures**

- **Other Energy**: 5,09,602
- **Fossil Unconditional**: 87,677
- **Fossil Conditional**: 43,000
- **Clean Unconditional**: 40,239
- **Clean Conditional**: 2,27,855

**Policy Measures by Energy Type**

- **Transport**: 1,81,000
- **Transmission and Distribution**: 4,49,700
- **Renewables**: 2,43,856
- **Oil and Gas**: 1,57,000
- **Non-Applicable**: 3,70,32
- **Multiple Fossil Fuels**: 0
- **Multiple Energy Types**: 2,870
- **Energy Efficiency**: 6,238
- **Electric Vehicles**: 0
- **Coal**: 1,14,877

*Sum of Value committed, Rs Crore*
“Other Energy” & “Unquantified” Policy Measures could change the split

• “Other energy”, may disproportionately benefit fossil fuels, despite the fact that they are not targeted at fossil fuel production or consumption exclusively
  • Liquidity support to DISCOMs;
  • State level Fuel or Transport policies;
  • Development of power projects;
  • Transmission infrastructure development, etc.

• For “Unquantified” policies, difficult to estimate how this might affect the share of support for fossil fuels versus renewables
  • For Coal, Commercial mining of coal, Pushing back deadlines to install pollution control technologies in coal plants;
  • For Gas, adding 100 more districts to the City Gas Distribution network;
  • For Renewables, waiving inter-state transmission charges for renewable energy and the Andhra Pradesh renewables export policy;
  • On transport, promotion of liquefied natural gas (LNG), the Delhi Electric Vehicles Policy and e-buses and charging stations under the FAME scheme.
What is the Rationale behind these policy measures?
Are these policies specifically motivated by mitigating the impact of COVID-19?

- ~22% of the committed value of policy measures is primarily to deal with COVID-19 crisis.
- Energy security was the primary rationale for almost half (51%) of the committed value.
- The other reasons are climate change and air pollution with 25% and 2% shares in terms of value committed, respectively.

Source: IEEFA-IISD Analysis
How can India raise ambition of green stimulus in 2021?
How to raise the Green Stimulus Bar?

- **Strengthening of Green Industrial Policy:** As part of restarting the economy, the government should invest in India’s capacity to manufacture for the green energy revolution.

- **Invest in large-scale RE grid integration:** India can’t just invest in trying to fix the problems of its existing electricity distribution system. It needs to start investing in the system of tomorrow.

- **Improve Energy Access:** Increasing adoption of distributed renewable energy sources and energy efficiency measures. These are low hanging fruits that will help improve DISCOM woes, making power more reliable and help in job creation.

- **Unlocking Finance:** Government should work on resolving policy and legacy issues to attract the financial institutions to bring in more capital to the deflationary, domestic renewables sector.