

India can ensure a green revival

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What an extraordinary set of events brought us to this pass. How can we gain anything from this economic carnage? What would a revival require? Could it be green and sustainable? With the fiscal restraints on spending less relevant and the prospects of meaningful economic growth diminished, this could be a moment to reimagine what a smarter, post-Covid Indian economy could look like.

This is the moment to establish a universal basic income, as a support to the poorest Indians. All roads lead to high government spending on welfare, but rather than pour fresh money in leaking channels, the time has come to give every Indian minimum income support to cross the threshold of poverty. Those who pay tax can be excluded and given a tax-break for not taking this support, so there is no arbitrage. This would cost Rs 600,000-800,000 crore per annum. And would oblige the completion of the job to ensure every citizen has a bank

account. We can defuse the tensions on citizenship by foregoing the option of camps and creating a new category of work and residence permits for illegal aliens.

To pay for this, all subsidies should be removed in one go, as P.V. Narasimha Rao did for India in 1991. Surely Prime Minister Narendra Modi has the will and the ability to do likewise, in national interest. Food, fuel, fertilizer, railways, power, irrigation, interest subventions for all and sundry, should all be withdrawn. This would release the same quantum of funds as needed, which now can be distributed with no leakages. Presto, like the BOLSA program in Brazil, the poorest Indians would have a safety net. And huge economic benefits will follow, as the subsidies were promoting pollution on a grand scale: growing of water-intensive crops in drylands, grain mountains at FCI godowns, poisoning of farmland by excessive use of urea, overuse of groundwater encouraged by free power, low load factors for legacy thermal power plants, every kind of environmental destruction by coal mining, which gets away with unaddressed social and environmental costs, etc.

Today, there will be little protest by the vested interests, as the Covid-19 crisis demands change on a grand scale. Change on this magnitude cannot be envisioned by bureaucrats, let alone executed by them as poorly they did demonetization. India needs the best brains in the world to plan and design the execution of this new green deal. This must include a panoply of academics, policymakers, entrepreneurs, social workers, who are all outside the government system. Other grand changes could be to make the PSU banks truly independent, to tax agriculture along with the relaxation of land holdings, rewriting of the labour codes, the lining of irrigation canals, replacement of inefficient agricultural pump sets, opening of the education system to unrestricted private investment, reforming, investing in, and unshackling of the police, comprehensive business distancing from China for key industries, dousing of the underground coal fires in Jharia, and a nationwide plan for forestry.

Each of these changes has been resisted in the past, and no PM so far has had the gumption to try them again. Modi can be the leader with the courage to do so. Why should power be underpriced? Let there be uniform tariffs for all categories, making industry competitive globally, and we can end load shedding. Can renewables be brought into the grids, preferably with storage, without regulatory persecution, and linked to the charging of electric vehicles at select times?

Can railway fares be increased in ultra-modest doses over five years to turn

viable, and lower the burden on freight? Can the broad gauging project be completed now there are no budgetary constraints? Carbon funds are available for forestry and forest plantations can be a huge source of employment in rural areas. This fits in well with the forecast that central India will become a climate hotspot, losing its water and agricultural potential. Let us build linkages between our forest areas, secure the 88 corridors for elephants to migrate. Green funds are available in magnitude, and this is a suitable time to augment development finance which we had begun to sneer at, given its reformist regulatory prescriptions.

Following the release of the lockdown, which, as a measure, is neither sustainable nor a long-term solution, travel restrictions would remain for people coming from high-risk countries, possibly for in-country hotspots, with massive testing and quarantine and contact tracing for those found positive. In short, epidemiological surveillance and contact tracing will become ubiquitous. Planning for a vast surge in testing, protective equipment, and establishing protocols for surveillance, are the priority at this exceptional time of a lockdown. We will not get this opportunity again. Once we master this and gain confidence from managing the second and third-level outbreaks of infections, we can even bring in tourism from lower-risk countries. We need linkages with the world more than ever. The objective in India, whose 1.29 billion people are without a developed welfare system, has to be to get young people, less at risk, back to work. To get all businesses, large and small, back to work, to avoid systemic financial defaults. Vested interests masquerading as bureaucratic obstacles to these objectives must be swept away. We must seize the moment to build the green economy of the future.

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