

Just Transition: Planning for a Post Coal Future

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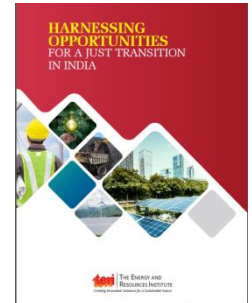
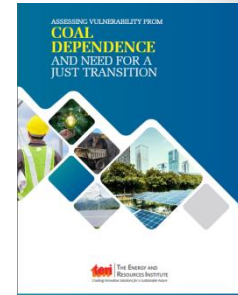
CLIMATE



HEALTH
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Background

- Policy discourse over the last few years in case of a coal phase out has primarily focused on how to best foray into an energy that is green
- The conversation on how a coal phase out will impact the socio-economic paradigm, the local population and the economy has found little relevance
- Concept of 'Just Transition' focuses on a sustainable energy transition framework and how it can improve the different socio-economic elements that will be impacted by the transition
- To analyse the same, TERI has formulated two working papers
 - Working Paper 1 - *'Assessing Vulnerability from Coal Dependence and Need for a Just Transition'*
 - Working Paper 2 - *'Harnessing opportunities for a Just Transition in India'*



Need for Just Transition

- The coal state's economic structure and revenue stream
- Loss in livelihood
- Existing infrastructure and vulnerabilities associated with it
- Social capital of the land
- Informal mining sector (*health and security*)



Understanding Challenges (1/3)

Livelihood Issues

- **People residing in lowest two wealth quintiles.** Chhattisgarh - 59%, West Bengal – 53%, Odisha – 63.8%, Jharkhand – 68% Madhya Pradesh – 54.7% (*National Average: 40%*)
- Long unemployment spells for coal workers. **People may witness an earnings reduction by upto 30% over the next 15-20 years**
- **400,000 people** skilled annually under govt. programmes. **Only few coal workers are skilled annually**

Dependence of the state on coal revenue

- **Royalty paid from coal mining in India has increased from INR 99.73 billion in 2014-15 to INR 147.46 billion in 2018/19 with a CAGR of 8.14%**
- Coal royalty provided **4.2% of tax revenue receipt while 14% of non-tax own revenue receipt** for most coal states between 2014-18
- Coal companies also contribute **26%** of their profits into the **District Mineral Fund**
- **Royalties received in Chattisgarh, Odisha, Telangana and Madhya Pradesh from coal mines – 15% of total royalty collected**

Understanding Challenges (2/3)

Infrastructure and Social Vulnerabilities

- Mining activities bring basic infrastructure facilities such as schools, hospitals, and construction of improved transportation and communication to remote villages
- Coal India spent INR 19.78 Billion between 2017-20 on CSR
- Coal phase out will put such facilities in jeopardy

Social Capital of Land

- Coal phase out would mean loss of both existing infrastructure and the provision of any future developments.
- Community support and independent economic wealth development will be jeopardized
- Lot of support for women comes from established social linkages. Displacement from land would severely deny them social welfare opportunities

Understanding Challenges (3/3)

Illegal Mining

- Jharkhand accounts for close to 300,000 individuals employed within the illegal coal mining industry of which 100,000 are children
- Demand for coal opens employment opportunities in the informal sector, drawing individuals who are impoverished, uneducated, and have few livelihood options available to them
- Gradual phasing out will put the livelihoods of lakhs of people, involved in informal mining activities, at risks.
- Existing regulatory framework cannot comprehensively handle the interlinkages.

Harnessing Opportunities

Objective

**Revenue
Augmentation**



Solution

- Increasing Labour intensive industrial activities
- Supporting land leasing models



Expected outcomes

- Improved rural connectivity (Jharkhand)
- Suppression of resource curse
- Increased private capital inflow

**Rural
Entrepreneurship**



- Enterprise creation around accessible products
- Opportunities for support services
- Microfinance Institutions



- Creation of a market economy
- Increased employment opportunities
- Improved skillset

**Improved and
Sustainable
Infrastructure**



- Bringing private sector initiatives under CSR for upkeep of social infra.
- Provision of additional grant under untied FC devolution



- Continued and better access to social services
- Reduce social inequality and improve state's performance in SDGs

Action areas

Improving Overall Paradigm Development

Solar Parks

- 1 job in manufacturing creates 2-3 indirect jobs
- Efficient supply chain transportation facilities
- Jharkhand building 10,000 kms of rural roads, Odisha's establishing 108 industrial estates

Industrial Parks

- Certain coal States are solar energy hotspots
- Land lease model of utility solar parks can become a source of revenue
- Rooftop: 24.72 jobs per MW, Utility: 3.45 jobs per MW

Storage Facilities

- Can save 15-20% energy that RE loses
- Can replicate solar parks land lease model
- Technologies like gravity energy storage can be installed in deep shaft mines

Developing Rural Enterprise

- Rural enterprises around nutritious and accessible food products
- Will create employment and add economic stimulus
- National Rural Livelihoods Mission and MFI's

Access Through Renewables

- RE products, services, and infra will drive development and help improve QoL
- Pivotal for rural communities as decentralized energy source is an efficient option
- Sustainable produce storage solutions

Drivers to Support Just Transition

Augmenting public and private sector financing

Finance infrastructure projects through off-budgeting borrowing mechanism

The process of securitization is another financing route that can be taken

Strengthening human Capital

Bringing together relevant stakeholders, skilling initiatives can be undertaken through public private partnerships

Enhancing Educational Outcomes

For a smooth transition, a resilient workforce is required. The key lies in education and in strengthening school education to build better capabilities.

Promoting Social Dialogue and Partnership

Through consistent social dialogue building, and creation of task force with government, private sector and civil society to engage with relevant stakeholders

Bringing Conducive Policies

For efficient coordination and implementation, suitable policies addressing barriers, promoting the enabling factors and supporting the smooth transition should be in place

Conclusion

- Changing environment quality, climate change threats, affordable renewables, suggest a faster transition away from coal in the coming years.
- Potential implications on social equity and distributional impacts in mining-rich states is high and, hence, solicits for a transition that is just and fair.
- Just Transition needs to consider a broad range of social and economic sectors, geographic locations, and diverse stakeholders



Thank you