

Current Affairs : 18 July 2022

WE NEED AN ORDERLY TRANSITION FROM COAL TO RENEWABLES

Context

- After the Ukraine-Russia war, commodity prices, especially that of energy, have surged worldwide creating concerns over **energy security**.
- The global price pressure has **eroded India's import volumes** and reduced its **power plant stockpiles** to critically low levels just as an unrelenting heat wave pushed demand to unprecedented levels.
- Also, in **2021**, India's thermal power plants had an average of **four days' worth of coal stock** against a recommended level of 15-30 days, with a number of states highlighting concerns about **blackouts** as a result of the coal shortage.
- And for the **first time since 2015**, Coal India imported the fuel for use by state and private power generating companies in 2021.

Coal scenario in India

- India has the world's **fourth-largest coal reserve**. It is the **second-biggest producer** of fossil fuel behind China and is home to the world's **biggest coal miner**, Coal India, which accounts for 80% of the country's domestic output.
- The country generates **more than 75% of its power from coal** and is the world's **third-largest producer of electricity**.
- According to the Ministry of Power, the **annual power demand** will grow at the fastest rate in at least 38 years.
- The **minable capacity** of already allocated coal blocks is around **15% to 20% higher** than the expected demand in 2030.
- The state-owned Coal India has said that it targets **hiking its domestic production to 1 billion mt coal** by FY 2023-24.

History of coal sector in India

- Coal sector in India started in **1774** with the commercial exploitation of the Raniganj Coalfield in West Bengal by the **East India Company**.
- The **National Coal Development Corporation** was set up in 1956 to improve the sector further.

- **Coal Mines (Nationalization) Act, 1973** was enacted to nationalise all the coal mines in India. It was repealed in 2018.
- The 2015 legislation **Coal Mines (Special provisions) Act, 2015** allowed re-entry of private players into the sector. It enabled auctioning of coal mines on basis of offer of highest price/tonne.

Importance of increasing domestic coal production

- **Spike in global prices:** For the last six months, the WPI for Coal has been stable at around 131. Over the same period, the NCI has jumped from about 165 to about 238 reflecting the sharp increase in international coal prices.
- **Easing inflationary pressures:** The domestic coal industry has responded to global coal price hike with an increase of over 30 per cent in coal production from April-June in 2022 which helped reduce inflationary pressures in the economy.
- **Shielding domestic economy:** Increasing domestic coal production could help reduce the exposure of the domestic economy to the price volatility of international markets.
- **Reduced costs:** The imported coal is five times costlier than the one mined domestically.
- **Ripple effect:** More than 80% of India's **total energy revenue of about \$94 billion**, mainly in the form of taxes and duties comes from oil and gas, followed by **coal and electricity** at about **16%**, while **less than 1% comes from renewable energy**
- Thus, coal mine closures will have a cascading effect on **local economies** and services such as health and education.

Ineffective singular viewpoint

- **Excessive focus on renewables:** India, the world's number-two coal producer, aims to build 500 gigawatts (GW) of renewable energy capacity by 2030, up from about 150GW now, and has pledged to reach net-zero climate emissions by 2070.
- **Increased fiscal burden:** To achieve its 2030 renewable goal, India needs to invest \$20 billion-\$27 billion per year in renewable energy, double what it is now spending, according to the renewable energy ministry.

- **Structured path:** Thus, the path to achieve 500 GW of renewables needs to be gradual, ensuring an orderly transition as coal is unavoidable in the near future and looking at coal from a singular focus on GHG emissions will give a myopic view of energy requirements for a growing economy like India.

Boosting domestic coal production further

- **Sensitization:** The **financial community** needs to be **sensitised** to the need of increasing domestic coal production to meet the growing energy demand.
- **Clear policy instructions:** The Ministry of Power recognized the need to increase coal-based generation in the country in its draft National Electricity Policy released in May 2021. However, it did not clearly articulate the importance of domestic coal-based generation and the policy has not yet been finalized.
- **Need for a regulator:** A regulator acting as a single point of contact for the industry is needed to address the issues and help new private commercial miners to overcome problems that could arise in due course as current arrangements are in line with only public sector.
- **Diversification and quality:** Increasing domestic production of coal and diversifying the production base are both needed. This must be complemented with efforts to improve the quality of the coal produced.
- **Addressing cross-subsidization:** The undue financial burden on the coal sector due to various cross subsidies needs attention as high prices of coal and coal-based generation will only encourage imported coal and expose the country to price risks from international energy prices.
- **Sustainable approach:** Adopting a more holistic approach toward environmental, social, and governance (ESG) criteria in boosting coal production is needed.

GOODS AND SERVICES TAX (GST)

Customers will have to pay a 5% Goods and Services Tax (GST) on pre-packed, labelled food items such as atta, paneer and curd, besides hospital rooms with rents above ₹5,000, starting from 18 July 2022.



About:

- Hotel rooms with tariffs of up to ₹1,000 a day, maps and charts, including atlases, will attract a 12% GST, while cartons and fees charged by banks for the issue of cheques (loose or in book form) will attract 18%.
- Tax rates on products such as printing, writing or drawing ink; knives with cutting blades, pencil sharpeners; LED lamps; and drawing instruments will be hiked to 18% on July 18, 2022, from 12% currently, to correct the inverted duty anomaly.
- Solar water heaters will now attract a 12% GST from the 5% earlier.
- The tax on services such as work contracts for roads, bridges, railways, metro facilities, effluent treatment plants and crematoriums will go up to 18% from the current 12%.
- Renting of trucks and goods carriages where the cost of fuel is included will now attract a lower 12% rate as against 18%.

INDIA, CHINA HOLD 16TH ROUND OF TALKS ON LADAKH

In News:

- India and China held the 16th round of Corps Commander-level talks with a focus to revive the stalled process of disengagement and de-escalation in Eastern Ladakh.

Background

- In May 2020, Indian and Chinese troops clashed at various points along the Line of Actual Control (LAC).
- These points included:
 - Pangong Tso, Galwan Nalah and Demchok in Ladakh and at Naku La (a mountain pass at an altitude of over 5000 metres) in Sikkim.
- Later, a violent clash at Galwan Valley started between Indian troops and soldiers of the People's Liberation Army (PLA) on the night of June 15, 2020.

- It was the first deadly clash between India and China in at least 45 years. 20 Indian soldiers lost their lives.
- After this incident, both sides deployed a large number of troops in the area along with heavy weaponry.
- The infrastructure build-up has also been very heavy and the standoff between the two forces is continuing.

The Corps Commander level talks

- India and China have been holding the talks on the Line of Actual Control (LAC) in Eastern Ladakh area to resolve the standoff.
- Earlier to the current talks, the 15 round of Corps Commander-level talks had been held between the two countries.
- The 15th round took place in March 2022.

Outcome of 15th round held in March 2022

- No breakthrough was achieved after the 15th round of talks.
- Continuing with the trend, which was started after 14th round, both the sides issued a joint statement.
- However, this statement was silent on whether an agreement was reached to disengage from Patrolling Point (PP) 15 in Hot Springs
- Earlier, after the 14th round held in January 2022, China had shown reluctance to complete troop disengagement at a friction point in eastern Ladakh.
- It also refused to discuss steps to defuse the bigger problems at Depsang and Demchok.

News Summary

- The 16th round of high-level military talks between India and China was held recently.
- It was held with a focus on resolving outstanding issues in the remaining friction points along the Line of Actual Control (LAC) in eastern Ladakh.

Key Highlights:

- **China is stalling the disengagement process**

- Although, an agreement for disengagement from Patrolling Point-15 was close by in the previous few rounds of talks.
 - However, China's refusal to discuss other friction areas, Demchok and Depsang, has stalled any progress.
 - **India's demand**
 - During the 16th round of talks, India asked China to withdraw its forward-deployed troops and tents at two friction points in eastern Ladakh.
 - Indian side had put on table all the three stand-offs:
 - at PP-15 in the Chang Chenmo sector,
 - Charding Ninglung Nallah track junction at Demchok and
 - Depsang Bulge area
 - It also sought restoration of patrolling rights at the third and the biggest stand-off at the strategically-located Depsang Plains region.
 - India also pressed China to desist from flying fighters close to the friction points.
 - One of the Chinese fighter jets flew over Indian troop positions at a friction point on June 28.
 - The breach of the no-fly zone convention led IAF to scramble its own jets.
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MURALI SREESHANKAR

Murali Sreeshankar becomes first Indian to enter men's long jump final at World Athletics Championships



About:

- In the World Athletics Championships, Murali Sreeshankar has become the first Indian to enter the men's long jump final at Oregon, USA. He leapt 8 meter in the qualification round.
 - The 23-year-old from Kerala finished second in qualification round Group B and seventh overall.
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- The World Athletics Championships is a congregation of over 2000 athletes from 200 countries around the world.
- The 10-day biennial event will come to conclusion on 24th of this month. The championships are being held in the United States of America for the very first time at the Hayward Field Stadium at the University of Oregon.

COVID-19 VACCINATION

On July 17, 2022, India crossed the milestone of administering two billion doses of COVID-19 vaccine within 18 months of launching the vaccination drive in January last year.



About:

- World Health Organisation (WHO) has hailed India for administering over two billion COVID-19 vaccine doses. Earlier last year, the country had administered one billion doses within nine months (October) of the start of the vaccination drive.
- The Centre has announced a special drive 'COVID Vaccination Amrit Mahotsava' to be launched to provide free precaution doses at all Government Covid Vaccination Centres for persons aged 18 years and above for 75 days from July 15 to September 30, 2022.