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SPECIAL FEATURE

Interview with Mr. Atul Sobti, Director General, Standing Conference of Public Enterprises (SCOPE). Under the BMWK IKI Indo-German Support Project for Climate Action in India an MoU between SCOPE and GIZ India was signed to work together on accelerating climate action by Public Sector Enterprises (PSEs). In the interview Mr. Atul Sobti presents Initiatives, opportunities, and challenges for Indian Public Sector Enterprises in contributing towards Net-zero goals and decarbonization of hard to abate sectors.

Interview by Vaibhav Rathi, Senior Advisor, GIZ India

1) *Why Should PSEs focus on and contribute to the Climate Agenda?*

Climate change is today the biggest challenge on the planet and now we have moved beyond the environmental concerns of the government as it is increasingly being recognised as a grave concern by individuals, corporates and industries alike. Public Sector Enterprises (PSEs) are no different than others.

Since India's Independence, PSEs have played a crucial role in the socio-economic development of the country. They have played a significant role in establishing the strategic sectors in India while enabling the country to develop its economic presence in the globe. Today also, PSEs play a major role in driving India's economy. They contribute over 13% to India's GDP and are dominantly present in strategic sectors of the country, including hard-to-abate sectors such as oil, gas, coal, power, steel, fertilisers, etc. This can be seen from the fact that about 89% of coal production is by PSEs, about 75% and 65% of production of oil and gas is by PSEs respectively, and about 50% power installed capacity is owned by PSEs with the actual generation at 70%. This implies that as PSEs have significant presence in strategic sectors, at the same time, due to the inherent nature of their operations in some sectors, they add to the GHG emissions of the country making it necessary for them to play a major role to address climate change issues and support the Government of India.

But the irony arises where on one hand, energy transition is important for the country, on the other, energy security is equally important necessitating the need to balance both ensuring economic development along the lines of sustainability, climate actions and protection of our environment. In this regard, it is important for PSEs to support and supplement the Indian Government efforts to meet its climate goals. The engagement with PSEs is crucial to combat climate change (greenhouse gas emissions) through innovative solutions and further support the Indian Government to meet its climate goals and achieve the energy transition in the country.

2) *What are the challenges for PSEs in the hard-to-abate sectors to achieve decarbonisation?*

The challenges are crucial and to be addressed not only by PSEs but the country as a whole. For example, let's talk about the coal sector, wherein today India is the second largest producer of coal and has the fifth largest coal reserves in the country.

Let's explore this further at country level. The economies of several Indian states such as West Bengal, Orissa, Jharkhand, Chhattisgarh, Madhya Pradesh, Telangana, etc are dependent on coal. Its like a way of life. About 50% of the districts in Jharkhand and West Bengal and 30% of the districts in Orissa and Chhattisgarh are dependent on a coal-based economy. We need to think about the people and families at large who have been doing this work in the mining sector for the last 200 years or so infact generationally. How are we going to be prepared to transition such people to new jobs or sources of income? The just transition cannot be immediate and comes with economic as well as social and political implications and decisions.

With regards to the public sector and its contribution to the Indian economy, especially in hard-to-abate sectors, PSEs are going to feel the pinch of decarbonisation. For example, while transitioning from a coal-based economy to a non-conventional energy-based economy, what happens to the organisations in the country engaged in Coal mining.? Also, what happens to the power generation wherein thermal power plants play a significant role. Further ahead, what about people employed in them and who are skilled in this sector? These



are some questions we not only need to ponder but also be prepared for as ultimately, we need to move forward towards this goal of decarbonisation and hence, in doing so, we need to ensure that adequate processes are developed for the journey towards the just transition and support India's commitment towards achieving Net-Zero by 2070.

Several innovative technologies are already in place by various PSEs including adoption of renewable energy as well as measures by the Indian government. This can be seen in the first Green Hydrogen fuelling station to be set up by NTPC in Leh Ladakh and India's National Hydrogen Mission which is budgeted at approx. USD 2.3 Billion. This journey of the processes, measures, and approaches by PSEs should be implemented along the lines of sustainability and carbon neutral in order to move towards Net-Zero.

3) What is the role of SCOPE in supporting PSEs for climate action and the journey towards Net-Zero?

SCOPE has been working with PSEs in the area of climate change. For this purpose, SCOPE is fortunate to have partnership in GIZ with whom we have been working since 2019. Till now, SCOPE has signed three MOUs with GIZ India, wherein initially the MoU in 2019 focussed on awareness creation, the subsequent MoUs gradually expanded to exploring best practices on mitigation technologies for climate actions as well as handholding PSEs in innovative measure for climate impact mitigation. Recalling the successful partnership and cooperation over the past four years, the new MoU between SCOPE and GIZ India will further enhance the capacities of PSEs for climate action, explore work on carbon markets and carbon pricing, and focus on solutions to achieve inclusive and sustainable development to achieve low-carbon transition.

In addition, SCOPE is also part of the Council of Indian Employers and participates at various international forums such as the United Nations, International Labour Organisation etc, advocating for a just transition and achievement of the global SDGs.

4) How do you see the role of the Indo-German development cooperation in supporting PSEs for contributing to climate goals?

The collaboration and cooperation between any two countries depends on the how well their relationships are defined. In case of India and Germany, I must say that we are very fortunate to have good relations for long as they share strong democratic fundamentals while engaging extensively in trade and investments.

Germany is India's largest trade partner in European Union, while India is Germany's fourth largest partner in the Indo-Pacific Region. Also, the trade relations can be seen from the fact that Germany is the 9th largest investor in India whereas as per media reports, in Germany, more than 200 Indian companies are engaged in trade, R&D, innovations, etc. This shows the positive relationship, effective dialogues, and strategic relations between the two countries.

As I said earlier, energy security coupled with lower emissions and higher efficiency is important. In this regard, I feel Germany can play a major role in India especially when it comes to technology transfer. The knowledge and technology sharing by Germany is vital for both countries for ensuring development of low-carbon technologies, reducing emissions and enhancing mitigation actions by the corporate sector including PSEs. Infact, technology transfer from developed countries to developing countries has also been a vital discussion in the recent Conference of Parties (COP). In addition, skilling, upskilling is required in the Indian corporate sector, and this can be largely supported by developed countries like Germany, etc. Further, a lot of work must be done in the space of Circular Economy which can be accelerated with the help of German collaboration.

I feel the German Co-operation in supporting PSEs to contribute to their climate goals is vital as it will add value to the ongoing efforts of the country as a whole. and the ongoing Indo-German development cooperation is certainly benefitting the two counties and especially PSEs in contributing to India's climate goals.



Case example for technology transfer from Germany

“In my previous role where I led one of the largest PSEs in the country, Bharat Heavy Electricals Limited (BHEL), we were talking about energy security coupled with lower emissions and higher efficiency. At that time, we collaborated with Siemens Germany for the adoption of technology for super critical power projects. This technology brings high efficiency and low emissions in power generation. This collaboration for technology transfer has given a lot of benefits to India as a majority of power plants set up in India post the collaboration with Siemens and BHEL are based on the same technology”.

5) How do you see the role of Research and Development by PSEs for innovations for low-carbon transformation?

India is the fifth largest economy in the world and slowly transitioning towards becoming the third largest economy worldwide. In order to continue with the target to achieve this, R&D and innovations plays a vital role and hence, should be the main focus with value addition and increase in allocation/ expenditure at the national level. While the government actively promotes and supports R&D activities in the country, it is the need for corporates also to diversify their resources towards R&D so as to not only serve the present requirements but also be sustained in the future.

In this regard, PSEs are also undertaking considerable actions and the kind of investments in the various sectors are notable and significant with total expenditure close to 70 million dollars per year.

Basically speaking, R&D can be of three kinds: basic R&D, technology acquisition and joint works with partners including private sector, governments and international organisations. PSEs in the country are applying all forms of R&D mentioned above especially in the field of climate change. The recently released SCOPE-GIZ Compendium on innovative technologies, products & processes by PSEs in India reflects on the various R&D innovations that the Indian PSEs have undertaken to mitigate climate impact and also reduce carbon emissions.

However, there are a few aspects that need to be kept in mind so as to undertake innovations - scalability, sustainability and indigenisation. Also, it is important to ensure that in the long run the innovation should be economically viable. The indigenisation and development of manufacturing capacities can be achieved with the support and cooperation of the Indian government. Also, PSEs need to explore public-private partnerships while exploring collaboration with other PSEs. With support of all, we are positive that the focus on R&D will increase multi-fold in the country.

6) What do you think are opportunities for financing low-carbon approaches with regards to technology transfer, innovations and domestic or international financing?

Financial needs are evident for all the corporates and hence, PSEs are not unique in this aspect. We need to understand the capabilities of individual organisations and corporates. Organisations such as NTPC Limited (formerly known as National Thermal Power Corporation), Indian Oil Corporation, etc are coming forward not only for R&D works but also for manpower development in the area of energy transition, especially in the context of the recently announced National Hydrogen Mission by the Indian government. The existing support by the government is promising and comes with the possibility of short-term and long-term benefits. While PSEs attempt to be self-sustaining with the help of policy support from the various stakeholders, the financing and technology support from developed countries is also important. This was also highlighted during the 27th United Nations Climate Change Conference (COP27) and establishment of the Loss and Damage fund was also deliberated amongst the participating countries so as to explore funding opportunities from the developed countries to the developing countries. In addition, it is also important for PSEs to explore innovative and new financing options such as green bonds, etc.



7) How can SCOPE support PSEs in developing capacities for climate actions and what are the some of the future opportunities?

Collaboration of SCOPE & GIZ is focussed on empowering and strengthening PSEs in the domain of climate change mitigation so as to make them non-carbon emitters. The partnership is executing this through various endeavours including capacity building, skill development, knowledge sharing and publications.

Through the existing collaboration with GIZ, SCOPE conducted extensive regional training workshops for PSEs for awareness generation as well as successful handholding support to select PSEs for climate change mitigation actions. Besides, we have worked with several organisations on carbon pricing, which is proving to be a significant area for PSEs and climate actions. Further, to ensure knowledge exchange, various publications are being developed by the partnership so as to encourage peer learning.

To summarise, it is becoming increasingly important to enhance the skills of PSEs to be able to work in focus areas (carbon policy, carbon pricing, climate finance), especially on energy transition. Hence, the partnership is working both on skill development and knowledge sharing so as to give an all-around strength to PSEs. Infact, this forms the core focus of our work with GIZ India.

8) During the recent MoU Signing Ceremony between SCOPE and GIZ India, His Excellency German Ambassador to India Dr Philipp Ackermann said, "For climate action, the world cannot do without India and India cannot do without its PSEs." Your thoughts on this?

Being physically present during this event and the opportunity to listen to the German Ambassador, I agree with this statement.

India is the fifth largest economy in the world and is expected to become the third largest economy in the near future. Given its pace of growth and resilience to various global crisis situations, India holds a strategic position in the global map. Given its significant position, as a developing economy, it is also crucial for shaping global climate actions with regards to its contribution towards carbon emissions. In this regard, the statement is rightfully said, the world cannot do without India.

In the journey of India towards the growth trajectory, Indian PSEs have also played a vital role, their endeavours to strengthen the country in various sectors has been pivotal in developing the industrial base of the country. Today, PSEs contribute more than 13% of the Indian GDP, this is close to about 389 billion USD in revenue. Of total GDP figures available worldwide, only 20% countries are above the threshold of 389 billion USD including India. This shows the enormous and huge value of operations by PSEs across sectors in our country.

But, as the PSEs continue to play a significant role in furthering various sector of the country, they are also operating in necessary but hard-to-abate sectors, and hence, their integral engagement for reducing emissions is of utmost importance. Hence, PSEs definitely play a major role for climate actions together with the Government of India.

So I completely agree with the statement that World cannot do without India and India cannot do without its PSEs for climate action.



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