

AAKAR TODAY

1. Financing India's Urban Infrastructure

Why in News?

Recently, the report, titled "Financing India's Urban Infrastructure Needs: Constraints to Commercial Financing and Prospects for Policy Action" was released by the World bank.

The report underlines the urgent need to leverage more private and commercial investments to meet emerging financial gaps.

Key Details

What are the Highlights of the Report?

• Investment Required:

- India will need to invest USD 840 billion over the next 15 years into urban infrastructure if it is to effectively meet the needs of its fast-growing urban population.

• People Living in Urban Cities:

- By 2036, 600 million people will be living in urban cities in India, representing 40% of the population.
- This is likely to put additional pressure on the already stretched urban infrastructure and services of Indian cities – with more demand for clean drinking water, reliable power supply, efficient and safe road transport amongst others.
- Currently, the central and state governments finance over 75% of city infrastructure, while Urban Local Bodies (ULB) finance 15% through their own surplus revenues.
- Only 5% of the infrastructure needs of Indian cities are currently being financed through private sources.

• Slow Implementation of Centre's Flagship Urban Missions:

- There has also been slow implementation performance by states and Urban Local Bodies (ULBs) on several of the Centre's flagship Urban Missions— such as the Smart Cities Mission (SCM) and the Pradhan Mantri Awas Yojana (PMAY) for instance— due to constraints on implementation capacity at the city level.
- ULBs across India have so far executed only about one-fifth of the cumulative cost or outlay of approved projects under SCM and (Atal Mission for Rejuvenation and Urban Transformation (AMRUT) over the last six financial years.

• PPP Transactions for Urban Infrastructure:

- Public Private Partnership (PPP) transactions for urban infrastructure in India registered a marked decline in the last decade both in monetary value and transaction volume— 124 PPP projects have been awarded in the urban sector since the year 2000 worth a total cost of USD5.5 billion.

- However, PPP project awards have declined substantially after a "brief but substantial spike" between the years 2007 and 2012 when most of these projects were awarded. Only one-third of all PPP investments awarded since 2000 came in the last decade— including 55 projects worth USD17 billion.

What are the Suggestions?

- It is recommended to expand the capacities of city agencies to deliver infrastructure projects at scale.
- Currently, the 10 largest ULBs were able to spend only two-thirds of their total capital budget over three recent fiscal years.
- Over the medium term, the report suggests a series of structural reforms including those in the taxation policy and fiscal transfer system.
- It can allow cities to leverage more private financing.
- It recommended making the transfer of funds to cities formula-based and unconditional and increasing the mandates of city agencies gradually.

What is Urbanisation?

• About:

- Urbanization refers to the population shift from rural to urban areas, the corresponding decrease in the proportion of people living in rural areas, and the ways in which societies adapt to this change.

• Causes of Urbanisation:

- In 2019, the Prime Minister of Norway visited India and a number of MOUs were signed.
- The Prime Minister also delivered the inaugural address at the Raisina Dialogue and inaugurated the India-Norway Business Summit.

• Economic Relations:

- **Natural Increase of Population:** It occurs when the number of births exceeds the number of deaths.
- **Rural to Urban Migration:** It is driven by pull factors (that attract people to urban areas) and push factors (that drive people away from the rural areas).
 - Employment opportunities, educational institutions and urban lifestyle are the main pull factors.
 - Poor living conditions, lack of educational and economic opportunities and poor health care facilities are the main push factors.

• Global Urbanisation:

- The most urbanized regions include Northern America (with 83% of its population living in urban areas (as of 2022), Latin America and the Caribbean (81%), Europe (75%) and Oceania (67%).
- The level of urbanization in Asia is now approximately 52%.
- Africa remains mostly rural, with 44% of its population living in urban areas.

- **Related Initiatives:**
- **India's Initiatives for Urbanisation:**
- **Schemes/Programmes Related to Urban Development:**
 - Smart Cities
 - AMRUT Mission
 - Swachh Bharat Mission-Urban
 - HRIDAY
 - Pradhan Mantri Awas Yojana-Urban
- **Government Initiatives for Slum Dwellers/Urban Poor:**
 - Pradhan Mantri Garib Kalyan Yojana
 - Atmanirbhar Bharat Abhiyan (self-reliant India)

2. India's Net Zero Strategy

Why in News?

Recently, India submitted its Long-Term Low Emission Development Strategy to the United Nations Framework Convention on Climate Change (UNFCCC) at ongoing 27th Conference of Parties (COP27) in Sharm el-Sheikh, Egypt.

Key Details

What is a Long-Term Low Emissions Development Strategy?

- The LT-LEDS are qualitative in nature and are a requirement emanating from the 2015 Paris Agreement.
 - Under the Paris agreement, countries must explain how they will transition their economies beyond achieving near-term Nationally Determined Contributions (NDCs) targets and work towards the larger climate objective of cutting emissions by 45% by 2030 and achieve net zero around 2050.
- The Strategy is based on four key considerations that underpin India's long-term low-carbon development strategy.
 - India has contributed little to global warming, its historical contribution to cumulative global GreenHouse Gases emissions being minuscule despite having a share of ~17% of the world's population
 - India has significant energy needs for development
 - India is committed to pursuing low-carbon strategies for development and is actively pursuing them, as per national circumstances
 - India needs to build climate resilience
- The LT-LEDS is also informed by the vision of LiFE, Lifestyle for the Environment.
 - LiFE calls for a world-wide paradigm shift from mindless and destructive consumption to mindful and deliberate utilization.

What are the Features of the LT-LEDS?

- The strategy will focus on rational utilization of national resources with due regard to energy security.
- The transitions from fossil fuels will be undertaken in a just, smooth, sustainable and all-inclusive manner.
- The strategy will promote increased use of biofuels, especially ethanol blending in petrol, the drive to increase electric vehicle penetration, and

the increased use of green hydrogen fuel are expected to drive the low carbon development of the transport sector.

- India aspires to maximize the use of electric vehicles, ethanol blending to reach 20% by 2025, and a strong modal shift to public transport for passenger and freight.
- Low-base, future sustainable, and climate-resilient urban development will be driven by smart city initiatives, integrated planning of cities for mainstreaming adaptation and enhancing energy and resource efficiency, effective green building codes and rapid developments in innovative solid and liquid waste management.
- The industrial sector will continue in the perspective of 'Atmanirbhar Bharat' and 'Make in India'.
- India will also focus on improving energy efficiency by the Perform, Achieve and Trade (PAT) scheme, the National Hydrogen Mission, increasing electrification, enhancing material efficiency, and recycling and ways to reduce emissions.

What is Net Zero Target?

- It is referred to as carbon neutrality, which does not mean that a country would bring down its emissions to zero.
- Rather, it is a state in which a country's emissions are compensated by the absorption and removal of greenhouse gases from the atmosphere.
- Further, absorption of the emissions can be increased by creating more carbon sinks such as forests.
- While the removal of gases from the atmosphere requires futuristic technologies such as carbon capture and storage.
- More than 70 countries have promised to become Net Zero by the middle of the century i.e., by 2050.
- India has promised to cut its emissions to net zero by 2070 at the conference of parties-26 (COP) summit.

PRACTICE QUESTION

Prelims

- Q.** The term 'Intended Nationally Determined Contributions' is sometimes seen in the news in the context of
- Pledges made by the European countries to rehabilitate refugees from the war-affected Middle East
 - Plan of action outlined by the countries of the world to combat climate change
 - Capital contributed by the member countries in the establishment of the Asian Infrastructure Investment Bank
 - Plan of action outlined by the countries of the world regarding Sustainable Development Goals

Mains

- Q.** Describe the major outcomes of the 26th session of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC). What are the commitments made by India in this conference? **(200 words)**