



Reactive Net- Zero Path is Leading to Counterproductive Actions

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Issue Brief

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1. INTRODUCTION

The clock for climate urgency is ticking, figuratively and literally. The New York City Climate Clock, which displays the countdown to the deadline, represents the time remaining before the world crosses over the carbon budget. Currently, the clock shows a digital red countdown of just over 2 years, 339 days to limit global warming to 1.5 °C, as set out in the Paris Agreement. While these initiatives were brought in to inform people about climate change and take constructive actions, ironically, the actual global reality of climate action is counterproductive.

The world's largest emitter, China, has reiterated time and again that it does not intend to follow the Western ideas for climate neutrality but has set a target to reach "carbon neutrality before 2060". The United States has officially withdrawn from the Paris Agreement for the second time under the Trump Administration, becoming the only country to do so. Both countries contribute 40.31% to the global emissions, and now, with the exit of one country from the commitment and the reinforcement from another, the focus has shifted to the world's 3rd largest emitter, India.

In the Nationally Determined Commitments (NDC) for 2031-2035, India has announced the goal of becoming net-zero by 2070 by increasing its non-fossil fuel capacity for electricity generation and by also creating large carbon sinks. In the past, the NDCs had set a 2030 target of a 33-35% reduction in the emissions intensity of GDP and a 40% share of non-fossil resources, both of which have been met ahead of schedule.

Despite achieving its last NDC targets ahead of schedule and ranking third globally in installed renewable energy capacity, India continues to be rated as "highly insufficient" in its climate actions, facing surmounting global pressure to intensify its goals, reduce its carbon emissions, and phase out coal. This contradiction raises a critical question: can rapid growth in renewables alone put India on the net-zero path while emissions continue to increase each year?

2. THE PROBLEM WITH COAL

In the global climate discourse, India is uniquely positioned as it navigates the challenges of a growing population and a developing economy, both leading to an increase in energy requirements. From 2022 to 2025, India's power generation demand has increased by ~20%, reaching 1843.70 Billion Units (BU) in 2025. This increase in demand also comes from a push by the Indian government via the Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) of successfully electrifying 2.86 crore unelectrified households. While the access to 24*7 power supply is the right of the consumer as per the government, its achievement remains questionable.

India is the third-largest consumer of electricity in the world and produces more than 2/3rd of it using coal to meet its growing demand. In May 2026, world's 10 hottest cities were reported in India, resulting in the highest ever monthly power generation of 178,321 MW, with an increase of 11% from May last year.

Figure 1: Coal Contribution to India's Electricity Generation, 2022-2026

Year	Total Power Generation	Coal Contribution	Coal Share (%)
2022*	1,544,560	1,094,406	71
2023	1,724,140	1,258,946	73
2024	1,824,646	1,321,940	72
2025	1,843,703	1,282,075	70
2026 (Jan-May)	810,397	579,301	71

* For 2022, missing observations for April and December were estimated using linear interpolation based on the average of adjacent periods. Figure in Megawatts (MW)

Table: Anusha Arif and Faraz Rupani • Source: Ministry of Coal • Created with Datawrapper

Even as the conversations around phasing down coal use happen, the government continues to auction coal mines and has opened the sector for commercial coal mining by private players in 2020. Since 2020, coal production from captives and private players has increased exponentially by close to 3 times, while the companies owned by the government have maintained a steady growth. India is not only a large consumer of coal but is also the world's second-largest coal producer, with production increasing by nearly 38% over the last decade.

The conflict in West Asia has led to an increase in international coal prices by ~30%, and India is relatively less reliant on coal imports due to increased domestic production, shielding itself from additional pressure on its fiscal deficit. On the contrary, the surplus coal is now helping India to export coal to the market of Nepal, the UAE, Oman, and Bahrain. However, this strategy raises concerns that go beyond energy security in the long run. While the participation of private players, auctioning of new mines ensure stable supply of fuel for electricity generation and exports bring in additional revenues, they also carry significant environmental and public health costs.

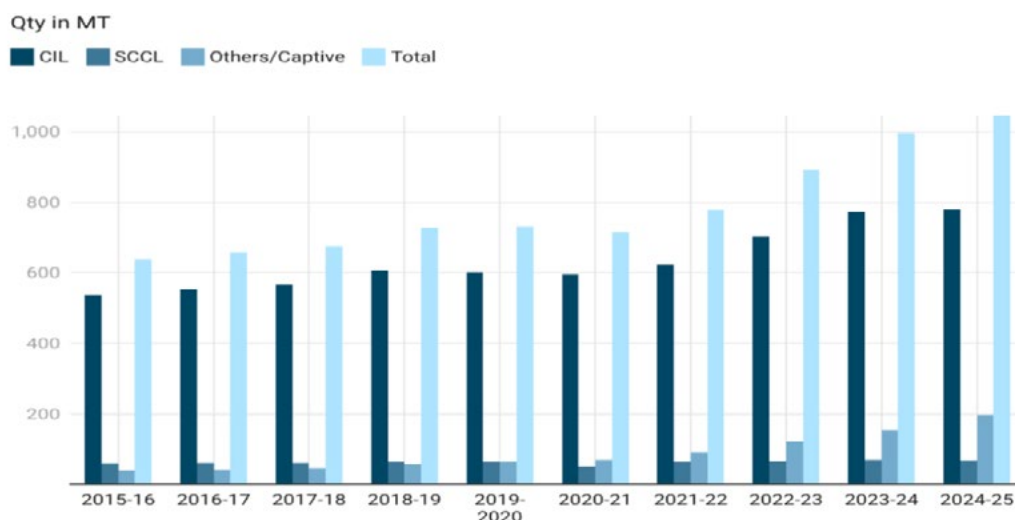
Figure 2: Company wise production of Raw Coal (2015-2025)

Chart: Anusha Arif and Faraz Rupani • Source: Ministry of Coal, GOI • Created with Datawrapper

Most thermal power plants in India operate under non-ideal conditions and are not equipped with emission-reduction technology. Coal-burning power plants are also a major source of fine air pollution. In a country that is already dealing with a chronic air pollution crisis in its major cities, coal pushes these limits over the edge. Time series data of India's CO₂ emissions indicates that the contribution of the power industry has increased from 15% in 1970 to 48% in 2024.

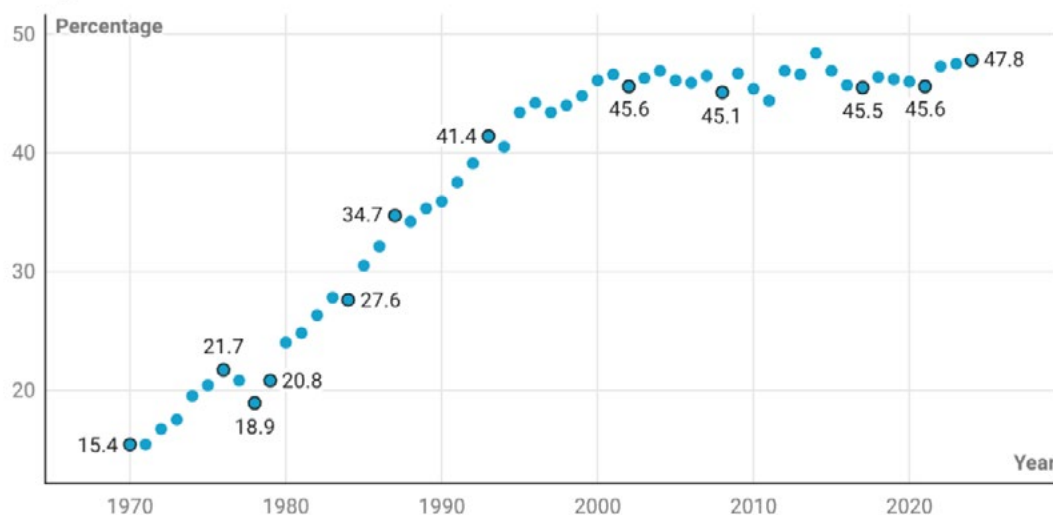
Figure 3: From 15% to 48%: The Growing Role of Power Industry in CO₂ Emissions India

Chart: Anusha Arif and Faraz Rupani • Source: EDGAR - Emissions Database for Global Atmospheric Research • Created with Datawrapper

The capital of the country, which has been in the news for its air pollution with “zero” good air quality days, had reported 11 thermal power plants that were not complying with the sulphur dioxide (SO₂) norms, three exceeding the particulate matter (PM) norms, and four were found exceeding nitrogen oxide (NO_x) emission norms. Curiously, by the year 2025, the government has issued a mandate easing these requirements for Category C plants outside the 10-km radius of the NCR region, citing concerns over increased power tariffs and excessive auxiliary power and water consumption.

The government further clarified that there was no scientific evidence to support that SO₂ emission under ambient conditions is a major public health concern. However, in other countries, including the United States and China, SO₂ emissions have been linked to major public health challenges.

3. PLANNING AHEAD: WHERE EQUITY FALLS SHORT

Climate change requires collective action because it is a collective problem. No single country will be left to face the consequences of the issue alone, yet some face them far sooner than others. India is recognized as the seventh-most vulnerable country in the world in the face of climate change. These vulnerabilities are no longer just anticipated; they exist in real time.

The lethal heatwaves, the disrupted monsoons, and urban flooding are all signs of the extremities of climate change that parts of India experience each year. Thermal power bears direct responsibility for weather extremities. The massive increase in carbon dioxide and other GHG emissions from burning coal for electricity, heat, and transportation creates a loop. The trapping of heat in the environment pushes extreme heat further, adding load to energy systems, and warmer temperatures further alleviate the risk of flooding due to increased precipitation.

India has invested over ₹24,000 crores in the last financial year to boost its renewable energy capacity. It has significantly increased its installed capacity for generating electricity via non-fossil, yet evidence from data continues to show that India's expected transition towards non-fossil electricity generation has been much slower, as installed capacity is not actually turning out the required production. The transition towards renewable energy, like solar, now looks more challenging with an increase of 20% in the input cost due to the West Asia conflict.

Even though financial markets are buzzing due to increased expectations of the conflict anytime soon and falling crude prices, further indicating stability in the coming days, the input production systems, which have been under stress, would take much longer to stabilize itself resulting in limited downside in the prices of solar energy-producing material.

Even as international pressures rise to phase out coal, India continues to play a balancing act.

India continues to auction coal mines & opening up the sector for private players on the one side, while also increasing the installed capacity for its renewable energy. However, the ease of practice within the coal sector bears consequences that are faced first and foremost by the citizens of this country, with pollution being the most prominent one. If India continues to expand its renewable and coal sources for energy while not recognizing the urgency to develop grid & storage solutions, it will continue to fuel the climate extremities it faces.

What makes India central to this discourse even more is that, as a developing country, India must hold itself to a higher standard. The dependence on coal appears to be a more economically viable measure than looking at longer sustainable solutions. Therefore, the most optimistic scenario shouldn't be about increasing renewables and reducing emission intensity to GDP while the same power industry continues to be the biggest source of pollution.

India needs to transition from installed capacity to actually producing more electricity from renewable sources, or else the climate change crisis is soon approaching, and the cost of inaction leads to direct consequences for Indians.



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