

# LIGHTS OUT INDIA'S MASSIVE BLACKOUT IS JUST THE BEGINNING

By

**Niall Ferguson**

The British – slightly less than a thousand of them – used to govern India. Without air-conditioning, American talk-show host Conan O'Brien was not the only one who watched the London Olympic opening ceremony on July 27 with amazement. “Hard to believe my ancestors were conquered by theirs”, he tweeted. Every Indian watching must have been thinking the very same. Until their TVs went dark.

The recent power outage in India interested me more than the Olympics. The Indian blackout was surely the biggest electricity failure in history, affecting some staggering 670 million people. If you have ever visited Delhi in the summer, you will have some idea what it must have felt like.

“Every door and window was shut”, Rudyard Kipling recalled of summer in the scorched Indian plains, “for the outside air was that of an oven. The atmosphere within was only 104 degrees, as the thermometer bore witness, and heavy with the foul smell of badly-trimmed kerosene lamps ; and this stench, combined with that of native tobacco, baked brick, and dried earth, sends the heart of many a strong man down to his boots, for it is the smell of the Great Indian Empire when she turns herself for six months into a house of torment”.

There was a reason the British moved their capital to the cool Himalayan hill station of ‘Simla’ every summer. May be today’s Indian government should consider following their example. Because power failures like this are not about to get less frequent. On the contrary, the outage has exposed the single greatest vulnerability of the Asian economic miracle ; it is fundamentally underpowered.

In the past 10 years, according to the energy giant BP, India’s coal consumption has more than doubled, its oil consumption has increased by 52 percent, and its natural-gas consumption has jumped by 131 percent. For China the figures are, respectively, 155 percent, 101 percent, and 376 percent. Asia as a whole is insatiably guzzling fossil fuels. And this is not about to stop. The McKinsey Global Institute expects India’s economy to grow at an average rate of between 7-8 percent from now until 2030.

The good news is that all this growth will do something (though not enough) to compensate for the depressed state of indebted developed economies like the United States and Europe. The bad news – apart, of course, from the soaring CO<sub>2</sub> emissions – is that Asia’s creaking institutions may not be able to cope with the staggering social consequences.

According to McKinsey, India’s urban population will increase from 340 million in 2008 to around 590 million in 2030. By then, India will have 68 cities with populations of more than 1 million, including six mega cities with populations of 10 million or more, of which two – Mumbai and Delhi – will be among the five biggest cities in the world.

To cope with this breakneck urbanization, India needs to invest \$ 1.2 trillion over the next 20 years to upgrade the infrastructure of its cities. Mumbai alone needs \$ 220 billion. Will it happen? In India, there is a sideways movement of the head that means neither “Yes” nor “No”, but “Please don’t ask that”.

India’s electricity grid has missed every capacity addition target since 1951. The system is so dilapidated that 27 percent of the power it carries is lost as a result of leakage and theft. Even today, 300 million people – a quarter of the population – don’t have access to the grid. That’s one reason the blackout didn’t spark more public ire.

The root of the problem is one of many leftovers of India's post-independence experiment with socialism. Half of India's power stations are coal-fired. Indian coal is produced by a state monopoly (Coal India). The price is controlled by the state, as is the price of electricity itself. The private firms running power stations are trapped between a lump of coal and a hard place. They cannot even trust the regional distributors to order the right amount of power.

In effect, Indians have a National Power Service similar in many ways to the National Health Service their former rulers in Britain are so proud of.

Which brings me back to the Olympics?

Surely the most embarrassing thing about Danny Boyle's opening extravaganza was the surreal dance routine involving 1950s – era hospital beds and nurses. Considering just how bad the NHS is in any meaningful international comparison, you have to wonder what the Indian equivalent would be. How about a stadium full of coal-fired power stations, all dancing in the dark?

Something to look forward to at the 2028 Mumbai Olympics.

(Courtesy : Newsweek August 17, 2012)

## **OBITUARIES**

### **May their souls rest in Peace**

1. Engr. Asrar-ul-Haque Qureshi Former Vice President NESPAK, passed away on July 20, 2012.
2. Wife of Engr. R. K. Enver, passed away on December 18, 2012.
3. Engr. Hafeez Ullah Former Chairman Indus River Authority, passed away on August 15, 2012.