Carbon Tax in India

What is carbon tax?

\n\n

\n
- A carbon tax is a fee for making users of fossil fuels pay for climate damage their fuel use imposes by releasing carbon dioxide into the atmosphere, and for motivating switches to clean energy
\n
- India introduced a nationwide carbon tax in 2010, which is currently Rs.400/tonne
\n

\n\n

Where does India stand on climate change?

\n\n

\n
- The **National Action Plan on Climate Change was launched in 2008.**
\n
- It has eight vertical missions on water, energy efficiency, solar, sustainable habitat, agriculture, forestry, Himalayan ecology and strategic knowledge on climate change. India’s ambition for renewable energy production is well known.
\n
- Under Prime Minister Narendra Modi, the timelines to achieve renewable capacity has been aggressively advanced, and the scale vastly enlarged.
\n
- So India’s commitment for action on greening, to mitigate climate change and to act against global warming is not in doubt.
\n
- Indeed by some reckoning, India’s initiatives and leadership for environmental activism dates back to the **1972 UN conference in Stockholm.**
\n

\n\n

Is India overdoing the greening of energy?

\n\n

\n
- In the aggregate terms, India is now in the third highest emitter of carbon dioxide. (not in per capita terms)
\n
- Firstly, **the coal cess that was introduced a few years ago is now at Rs400 per tonne, almost one-fifth the cost of mining coal.**
\n
- This is something like a 20% carbon tax.
\n
- India has the world's third largest endowment of coal, which can help double our per capita electricity usage at a relatively low cost.
\n
- Due to the coal bidding scams and the coal cess, India now might have become the most expensive place to produce coal-fired electricity.
\n
- It is greatly hurting our competitiveness, and will directly undermine industry as it faces an onslaught of imports from China and other trade partners.
\n
- Also, we already have a system **of renewable purchase obligations (RPOs)** on all electricity distribution companies and also captive producers.
\n
- There is often not enough solar or wind energy available for purchase, within state boundaries.
\n
- Across states, wheeling of solar is not yet possible and the RPOs burden goes up steadily every year. This increases the cost of energy.
\n

\n\n

What is the solution?

\n\n

\n
- It is not as if India should stay away from global joint efforts at curbing greenhouse gases.
\n
- Green energy, apart from mitigating climate change has great potential for job creation.

\n
- India is uniquely blessed with sunshine almost all the time, and hence solar can contribute hugely to our energy needs.
\n
- Electric vehicles are a nascent industry, which eventually can change the economics of oil and geopolitics.
\n
- But it is not necessary for India, whose per capita consumption of electricity is barely half the world average, to embrace the highest rate of carbon taxes in the world.
\n
- Success in mitigating climate change requires global and absolute cooperation.
\n
- India needs to cautiously calibrate its “greening pace” and de facto carbon taxation.
\n

\n\n

\n\n

Source: Live Mint

\n

