Why India needs a Green Deal

What is the issue?

The threats from climate change and the unprecedented economic crisis has required us to rethink the model of development itself, to chalk out a just, inclusive, and sustainable path.

What is the plan for India to come out of the climate crisis?

- The climate crisis is visible with
  - super cyclones like Amphan in the east
  - Tauktae in the south
  - severe droughts in Maharashtra
  - incessant rains and floods in Chennai and Uttarakhand
  - air pollution in Delhi
- The Indian government had promised **10% of the GDP** as Aatmanirbhar package for Covid recovery and if this amount is spent judiciously on **Indian Green Deal (IGD)**, India can come out on top of the crisis and stay ahead of the climate change curve.
- A blueprint of a policy has been proposed for India to achieve the **net zero target by 2070**, as per the commitment made at COP26 in Glasgow.
- A 10-year plan has been proposed focusing on the high carbon footprint sectors of the Indian economy.
- The overall plan has three categories:
  1. Infrastructure development
  2. Care economy
  3. Green energy programme
- The promised 10% of the GDP should be split into three parts — 5% for infrastructure development, especially rural infrastructure; 3% for the care economy; and the remaining 2% for green energy.

What is the significance of the Indian Green Deal?

- The Indian Green Deal will simultaneously solve two of the most pressing challenges of today — emissions and equity.
- The PLFS May 2019 report says that the IGD not only absorb those who are currently unemployed but also generates extra jobs, which can

certainly absorb a significant section of disguised unemployment.
- The green energy programme would result in curbing India's total carbon emissions by 0.8 gigatonnes by 2030 as compared to the projections of the International Energy Agency (IEA).
- Investment in this programme has two components
    1. energy efficiency and
    2. clean renewable energy
- India's use of energy per unit of GDP (energy intensity) is substantially higher than the global average, which can be significantly reduced through the first component aiding India to save almost one-third of the energy.

What are the challenges in implementing the plan?

- There rises a question on how will this 10% of the GDP be financed and that too for 10 years.
- There are two ways this can be financed
    1. A global just transition package from the greatest emitters of the world
    2. A tax on the Indian elite
- India's carbon emissions stand at 3% of the cumulative global emissions as compared to the US's 25%.
- **Contribution by high emitters**- A just way to address this gross inequality could be for those countries that have contributed more emissions than the global average pay for the energy transition of those who have contributed less.
- Such an international global carbon tax settlement process would yield an annual sum of around 270 billion dollars for India.
- **Taxing elite Indians**- The richest 10% of Indians emit five times as much as the poorest.
- To hold the elite responsible, IGD can be made into a revenue-neutral policy where part of the expenditure is financed through an increase in taxes on luxury items, wealth and inheritance taxes.
- **Carbon tax and dividend**- Another part can be financed by a carbon tax, which also addresses emissions but would be regressive, unlike the other taxes.
- To compensate for that, a carbon dividend in the form of free electricity, public transport, and free rations can be built into the policy proposal.

A carbon tax is paid by businesses and industries that produce carbon

dioxide through their operations.

References

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