

1. A graded form of ecological tax must be levied on the value of outputs of sectors that are polluting. Discuss.

India's one of the panchamrit goal is to reduce emission intensity to GDP ratio - to 45% by 2030 from 2005 levels. For this, a Clean Environment Cess [CEC] tax was introduced in 2010, to tax all types of coal. National Clean Energy and Environmental Fund was set up to manage the funds accruing through Cess. Despite these efforts, there is a lack of implementation of the tax levying mechanism.

Study at Centre for Policy Social & Economic Progress

Study - based on analysis of implementation & effect on emission. It shows,

1. Tax is levied without any differentiation of on coal grades. Same tax on both high quality & low quality coal will reduce incentive to move to high quality coal.
2. The Cess is subsumed under GST compensation cess, and Government instead of using it for Environment purpose compensating States for revenue loss.
3. Revenue utilisation - only 13% of the collected revenue was utilised between 2011-12 and 2017-18.
4. Lack of Revenue collection - Tax was double from ₹200 in 2015 to ₹400 in 2016-17. Yet collection was ₹324. leading to ₹6700 revenue loss.

Candidate must adhere to the word limit specified in the question.  
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5. Despite increase in cars, its effect on emission reduction is meagre. only 0.9% of emission reduction from coals & petroleum of the total. The emission intensity reduction on whole was only 0.81%. Showing less relevance of high tax on emission reduction.

Way forward

1. Graded Ecological tax - must be levied. That is apart from coal, Industries like Fertiliser, paper, Textile, electricity, non-ferrous basic metals, must be levied on their output. Reason these are more polluting than coal - can cause air, water, land pollution leading to studies.
2. Expanding the taxing industries will also widen the tax base.
3. Mechanism to incentive to transition from polluting to clean environment.
4. usage of acrued fund to the intended objective of emission reduction.

Targetted approach, like ecological taxation and proper implementation mechanism will help to achieve intended climate emission intensity ratio.