

# Green Economy

*Dr S C Lahiry*

*The Finance Minister in her Budget 2022-23 speech, stressed that Climate Change was being one of the highest external negativities facing the country and the Government was committed to a strategy of low carbon footprint. Implementation of clean air policy was undertaken considering the challenge posed due to growing air pollution reported in the large cities.*

**T**his year’s budget announcements underlined the importance accorded to sustainability and decarbonisation goals by the Government. Implementation of clean air policy was undertaken considering the challenge posed due to growing air pollution reported in the large cities. This would enable emission levels under check through an effective monitoring mechanism in place. However, despite three years into the launch of NCAP in 2019, analysis of pollution levels shows there has been a marginal decrease in pollution levels in targeted cities. It also shows an insufficient expenditure of funds by the States to ensure air pollution reduction. The institutions engaged in regulatory functioning both at the Central Govt and States’ level need to be strengthened in maintaining environmental-regulation standards in large cities/urban centres. To a large extent, an effective regulation system will reduce pollution at various levels.

**Budgetary Allocation**

Apart from estimates of expenditure and revenue, the annual budget exercise provides directions to the economic policy measures and articulates major initiatives of the incumbent government. In 2022-23, the Ministry of Environment, Forests and Climate Change (MoEFCC) has been allocated Rs 3030 crore, which is an annual increase of 5.6% over the budget allocation in 2021-22. In 2021-22, the Ministry was allocated Rs 2869 crore, which is decreased by Rs 349 crore (12%) at the revised estimates stage. This includes a reduction in the budget towards (i) Environment, Forestry, and Wildlife (reduced by Rs 96 crore), (ii) Establishment Expenditure of the Centre (reduced by Rs 71.5 crore), and (iii) Control of Pollution (reduced by Rs 80 crore), among others. This may be due to a change in the spending priorities of the government over

the year considering the pandemic situation. For Climate Change Action Plan, an outlay of Rs 30 crore has been made, which is the same as in the current fiscal whereas Rs 460 crore was allotted to Control of Pollution as against Rs 470 crore in the last budget. The Scheme-Control of Pollution has been conceptualised to provide financial assistance to Pollution control Boards/Committees and financing to National Clean Air Programme (NCAP). There is no mention of budget allocation earmarked for NCAP in the expenditure budget. However, the budget allocation for ‘Hazardous Substances Management’ reduced to Rs 4.5 crore from already a meagre Rs 6 crore while R&D for conservation and development scheme also reduced to Rs 4.75 crore. Allocation for the Central Pollution



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**TRANSITION TO CARBON NEUTRAL ECONOMY**

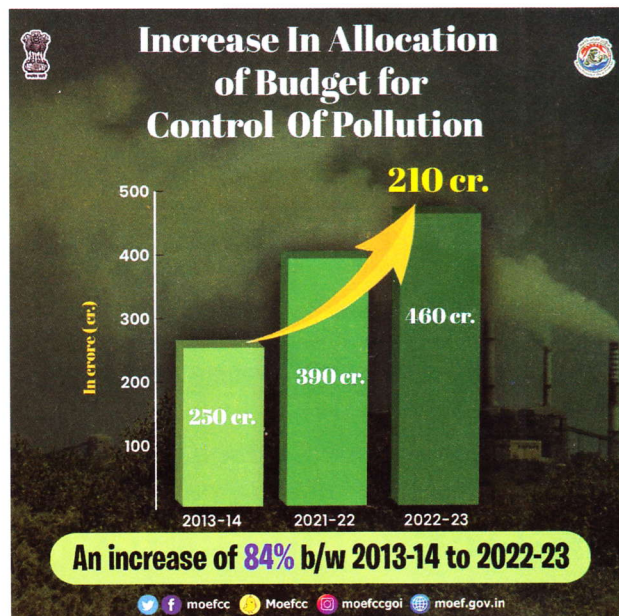
- ALLOCATION OF Rs. 19,500 CRORE PROPOSED FOR PRODUCTION LINKED INCENTIVES FOR MANUFACTURING OF HIGH EFFICIENCY MODULES
- CIRCULAR ECONOMY TRANSITION TO INCREASE PRODUCTIVITY AND OPPORTUNITIES IN NEW BUSINESSES AND JOBS
- PROPOSAL TO CO-FIRE FIVE TO SEVEN PER CENT BIOMASS PELLETS IN THERMAL POWER PLANTS; CO<sub>2</sub> SAVINGS OF 38 MMT EXPECTED
- FOUR PILOT PROJECTS FOR COAL GASIFICATION AND CONVERSION OF COAL INTO CHEMICALS TO ALSO COME UP

Control Board (CPCB), responsible for tackling pollution around the country, remained static at Rs 100 crore. The allocation for National Mission for a Green India, a Centrally Sponsored Scheme (CSS), has been raised from Rs 290 crore (in this fiscal) to Rs 361 crore. In the wildlife arena, the government-initiated projects — Project Tiger and Project Elephant saw some changes with the former getting reduced by Rs 30 crore and the other being reduced by Rs 1 crore. The allocation in this fiscal of Rs 250 crore for Project Tiger, an initiative for conserving the wildcat (reduced to Rs 220 crore) is enhanced to Rs 300 crore in 2022-23. Allocation of Rs 33 crore for Project Elephant has been made (in 2021-22), which was launched to conserve jumbos across the country, is raised to Rs 35 crore. The budget allocation for the National Tiger Conservation Authority (NTCA), a statutory body under the Ministry of MoEFCC responsible for tiger census and conservation of wild cats, is Rs 10 crore which remains the same as in the current fiscal. The allocation for the National Coastal Mission has been made Rs 195 crore in the year 2022-23 compared to Rs 200 crore in the current fiscal. Under the National Coastal Mission, MoEFCC is responsible to ensure livelihood security of coastal communities including fisher folks to conserve, protect the coastal stretches, and to promote sustainable development based on scientific principles.

#### Policy Initiatives

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fully integrated manufacturing units from polysilicon to solar PV modules. Calling the green economy a ‘sunrise economy’, she said ‘the circular economy transition will help productivity enhancement and job creation.’ She announced that the Government would introduce a policy for battery swapping. This would give a boost to the domestic EV industry especially on the public transport front as it would provide an affordable solution to the issue of charging anxiety. Having more EVs on the roads is an important part of the Government’s plan to reduce carbon emissions from transport. It is pointed out that infrastructure is needed to make EVs mainstream and improve their use case especially in the public transport and goods delivery segments.

The FM further announced that unblended fuel shall attract an additional differential excise duty of Rs 2 per litre. Petrol not blended with ethanol will be costlier from October 2022. The blending of fuel is a priority of the Govt. The average blending ratio for petrol sold by State-run companies is currently 8% and is targeted to rise to 20% by 2025. However, it is observed that ethanol availability is not uniform and States far away from production centres are likely to have lower average blending ratios.

Other initiatives in the Budget announced include: 5% to 7% biomass pellets will be co-fired in thermal power plants resulting in CO<sub>2</sub> savings of 38 MMT annually. This will also help avoid stubble burning in the northern States. Additionally, energy efficiency and savings measures will

be promoted. This will be done in large commercial buildings through the business model; four pilot projects for coal gasification and conversion of coal into chemicals will be established, and agroforestry and private forestry will be implemented. Financial support will be provided to farmers belonging to Scheduled Castes and Scheduled Tribes who want to take up agroforestry under the scheme.

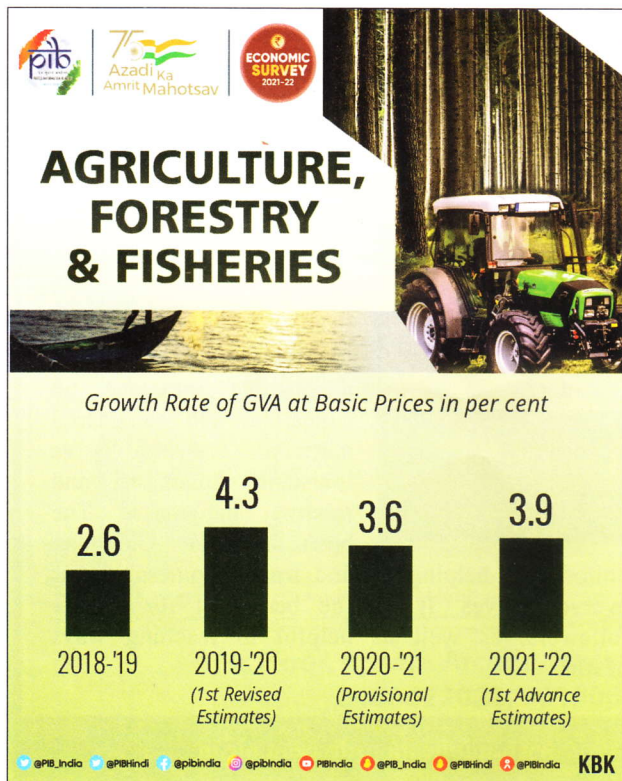
It may be stated that the circular economy transition is expected to help in productivity enhancement in a sustainable manner. The action plans for ten sectors such as electronic waste, end-of-life vehicles, used-oil waste, and toxic and hazardous industrial waste are in pipeline. Further, pushing for a circular economy and expanded producer responsibility for ten sectors will provide opportunities for sustainability startups and ultimately help reduce India's carbon footprint. Experts, by and large, have welcomed the FM's announcements on the transition to a low carbon economy. However, according to Centre for Science and Environment (CSE)'s assessment, coal gasification actually produces more carbon dioxide than a conventional coal-powered thermal power plant. Also, coal gasification plants are costlier than conventional power plants.

Taking up R&D, recruitment of professionals having domain knowledge, and provisioning of infrastructure is

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necessary where budget provisions need to be stepped up. (For instance, the budgetary allocations for CPCB have stagnated at Rs 100 crore for the last 4 years. CPCB is assigned the task of monitoring air and water quality and also checking polluting industrial or commercial units besides supporting SPCBs which carry out monitoring, permitting, and enforcing functions at the state levels). Closing down of coal-fired power plants not meeting

prescribed standards was earlier announced by the FM, but Budget 2022-2023 didn't mention anything on the closure of inefficient fossil fuel plants. India pledged in Paris to generate 40% of India's power capacity from non-fossil fuel sources and create an additional 'carbon sink' of 2.5-3 billion tonnes of carbon dioxide equivalent by 2030. According to Central Electricity Authority (CEA), as of 31 December 2021, the share of non-fossil sources in the installed capacity of electricity generation was 40.20%. The report of IFSR 2021, points out that forest cover has been increasing in India. However, the country has lost more than 1600 sq km of natural forests in this period. But some of the loss has been compensated by an improvement of the health in some of the protected areas and reserve forests while a large part of the increase is due to more areas coming from under the plantations which experts argue are no substitute for natural forests when it comes to providing critical ecological services. The reported loss of 1000 sq km of natural forests in the northeastern States should cause concern. GIM has to be aggressively and effectively implemented throughout the States with quality planting materials. The research activities into restoring biodiversity, conserving landscapes, and preserving the natural balance biodiversity pan India will have to be encouraged. □



#### Endnotes

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