



GREEN TAXES AND RIGHTS TO BREATHE

Manasvi Chaudhary

M.A (Economics), B. Ed

Abstract

Every year in the pre winter season all electronic media channels blare out highlighting the worsening air situation in Delhi & NCR and as to how the agencies are acting irresponsibly in this regards playing havoc with the lives of the residents of the region. The Hon'ble SC passes strictures after strictures, the political blame game goes on unabated and the responsible State Governments throw up some flimsy excuse of having consumed the entire budget on Pollution control which was never in control. The elite blame the poor, the poor blame the farmers for stubble burning and the rest blame the Governments in power. Environmentalists accuse the auto industry who in turn justify other causes that make us all breathe the harmful toxins despite paying all taxes. This study endeavours to evaluate the need for Green Taxes imposition on polluters who are responsible for creating hazardous, environment in and around NCR thereby playing with the lives of all and since Vehicular Pollution is a primary source in this field the focus of study is oriented to the same.

Introduction: Green Taxes is a concept that aims at imposing heavy duties & taxes on the agencies responsible for polluting the environment and utilising the generated revenue for ensuring availability of clean pure air to all. We are all well aware of the Green House Gas Emissions and the scale at which they are generated by the most developed Nations. While all concerned exhibit serious concerns over global warming and Climate deterioration, in various summits & conclaves, little has been achieved on ground especially by the ones most responsible. Recent studies have highlighted the excessive contribution in Global warming & Climate damage by USA, Germany, France & UK. The developed nations owe to act more and swiftly in this regards, however limited traction in this domain is visible. The COP 26 at Glasgow, Scotland in 2021 had laid specific onus on all stakeholders to achieve specific targets, however none of them have so far yielded any positive outcomes in the specified arena.

A quick analysis of the various factors responsible for resultant pollution brings to fore the following aspects:

- (a) Vehicular pollution: 50% - 53%
- (b) Household Sources: 12.5% - 13.5%
- (c) Industrial Emissions: 9.9% - 13.7%
- (e) Construction Sites: 5.7% - 7.9%
- (f) Waste Burning: 4.6% - 4.9%
- (g) Road Dust: 3.5% - 4.1%

This highlights the central role of Vehicular pollution and Emission in the overall deterioration of air. The implication is loud and clear that if vehicle emissions are checked / curtailed, the 50% of the overall pollution can be suitably addressed. This study therefore endeavours to analyse the overall impact of vehicle emissions and the resultant impact.

Objective of the Study: The primary objective of the Study is to analyse the overall impact of Vehicular emissions and establish the efficacy of Green Taxes in mitigating this menace. Since 50% of pollution, by & large, is attributable to Vehicular pollution the endeavour would be to justify the imposition of ‘Green Taxes’ on offenders to reduce pollution and increase welfare by ensuring cost of pollution gets compensated by the polluter. The study encompasses the following scope:

- (a) Overall analysis of pollution sources
- (b) Justification of Green Taxes as a concept on the pollution.
- (c) Policy Initiatives & Economic Rationale of the same.
- (d) Further RoadMap towards Environmental protection.

Methodology of the Study: The study is based on empirical data held with the Pollution Control Board and the Ministry of Road Transport and Highways (MoRTH). The draft guidelines for Green Tax implementation by MoRTH have also been suitably analysed and incorporated in the study. Close evaluation of the policies by NGT and highlights by various environmentalists have also been taken as the datum point for these inferences. A series of close interactions with various NGOs, Social Organisations and Government stake holders have provided the basic framework which has been suitably matched with the data held by Pollution Control Board.

Need for Green Taxes: The adverse impact of Air pollution is clearly well established. Air pollution leads to acute Respiratory & Cardio problems in all humans. As per ICMR study on “Pollution in NCR - Holistic Health Analysis” most of the resident in NCR, particularly those exposed to open areas of travel, work and accommodation (basically the lower and mid income groups) have turned out to be passive smokers with serious impact on the Respiratory Organs (Lungs) of the recipients.

The Global Warming phenomenon has led to depletion of Ozone layer across the continent resulting in genetic birth defects in various generations. As per the CPCB data, which is a statutory organisation constituted in September 1974, entrusted with powers under the Air

(Preservation and Control of Pollution) Act 1981, adversely impacting the AQI in any region are as under:-

- (a) Vehicle Emissions: 50% - 53%
- (b) House hold sources: 12.5% - 13.5%
- (c) Industrial: 9.9% - 13.7%
- (d) Construction Sites: 6.7% - 7.9%
- (e) Waste Burning: 4.6% - 4.9%
- (f) Road Dust: 3.9% - 4.1%

Since, it gets very well established that Vehicle Exhaust is the key contributor to overall deterioration of Air Quality following facts too merit due consideration:-

- (a) Commercial Vehicles while constituting only 5% of the vehicles fleet is responsible for 65-70% of total vehicular pollution in India.
- (b) Older fleet i.e. manufactured in pre 2000 era, which currently are less than 1% still contribute to 15% of total vehicular pollution.
- (c) Basically, diesel vehicles and those manufactured in pre policy norms implementation emerge as main pollutants by virtue of being 10-23 times more polluting than modern vehicles.

So the concept of 'Green Taxes' aims at imposing additional levy in form of direct taxes on the main polluters with the following objectives:-

- (a) Discourage people from continuing use of older vehicles.
- (b) Incentivize switching to newer, eco-friendly vehicles.
- (c) Reduce pollution, increase welfare by ensuring cost of pollution paid by polluters.
- (d) Revenue accumulation to tackle air pollution.

Provisions of Draft Guidelines by MoRTH on Green Tax Implementation

Having taken cognizance of Vehicular pollution aspects the MoRTH through the Policy provisions on low for Green Tax has proposed the following impositions as part of policy implementation:-

- (a) 10-25% Green Tax be imposed in addition to Road Tax, payable by:-
 - (i) Commercial Vehicles older than 8 years. (ii) Personal Vehicles older than 15 years.
 - (b) Lower tax imposed on Public Transport Vehicles.
 - (c) Higher rates of Green Taxes in highly polluted cities i.e. upto 50% of Road tax be recovered as Green Tax.

(d) Differential taxing of petrol and diesel vehicles in view of the higher pollution by diesel vehicles.

(e) Following categories of exemptions have also been proposed:-

- (i) Strong Hybrid vehicles (ii) Electric Vehicles (iii) Alternate Fuel Vehicles (CNG, LPG)
(iv) Farming Vehicles likes Tractors, Tillers and Harvesters.

(f) Generated Revenue from Green Taxes be kept in separate heads for resources to be exclusively utilised to tackle pollution and set up State of Art facilities.

Some of the key states have already imposed Green Tax provisions to tackle this menace. A state wise analysis of the Green Tax adopted states is as under:-

State	No. of Older Vehicles	Year of G.T Intro.n	Current Tax Rate / Provisions	Problem Areas
Delhi	49.93L	2015	<ul style="list-style-type: none"> CV - 1400-2600 annually Diesel PVs with >2000cc capacity banned 	<ul style="list-style-type: none"> Rs1300Cr collected; only 281Cr used Record high AQIs still recorded
Maharashtra	>16L	2010-11	<ul style="list-style-type: none"> PVs - 2000-3500 (5 yrs) CVs - 2.5-10% of Road Tax annually 	<ul style="list-style-type: none"> Unpaid tax crosses Rs 443Cr
Karnataka	70L (Highest no.)	2002	<ul style="list-style-type: none"> PVs - 250-500 (5 yrs) CVs - 200 annually 	<ul style="list-style-type: none"> Collected revenue unused FY 2006-07 - 2014-15, only Rs 45Cr collected No data on collection No action plan for using funds
Kerala	34.64L	2016	<ul style="list-style-type: none"> PVs - 400 (5 yrs) CVs - 200-400 annually 	<ul style="list-style-type: none"> TVPM - Collection less than Rs 1Cr No. of old vehicles largely static since intro.n

Rationale for imposition of Green Tax

The worsening AQIs faced by our metropolitans and the resultant growing emphasis on adhering the Global Environmental Paris Agreement commitments world-wide, have raised the relevance of Pigouvian taxations, the Polluter Pays Principles, Least Cost Abatement and the Double dividend theory.

The **Pigouvian tax** is usually imposed on major industrial polluters as a compensation for the negative externalities they create for the society. The fear of a heavy tax as well as the desire to minimise the per unit costs of production for maximum profits often motivates the industries to undertake non polluting methods of production. If not, the revenue generated out

of these tax impositions is appropriated towards societal pollution resilience in the form of major initiatives such as green walls, smog towers, R&D towards artificial rains etc.

The '**Polluter Pays Principle**' has been India's call on all major global platforms with the view that the developed world and the early industrialised nations have been major contributors to the adverse global environmental scenario and thus, the burden as well as responsibility to help the developing world fight the climate crisis should fall upon them in the form of significantly higher contributors towards the **Global Climate Fund** formed under the **UNFCCC**.

The basis India maintains that the polluter must own up to these negative externalities & must be held responsible for the resultant consequences as a part of the **Natural Justice Approach**. It should be the polluters moral & legal responsibility to cater to societal needs arising out of his activities.

Efficiency of Green Taxes towards Curbing Pollution Menace

While the Economic rationale of Green Tax imposition stands to logic, its efficacy in the States where it has been already implemented needs a review for holistic analysis. Based on holistic review, following key aspects emerge as patterns which indicate the trends or the efficacy of Green Tax towards curbing pollution:-

(a) **Low Green Tax Rates** The Green Tax rates imposed by these States have been found to be quite low leading to marginal impact on polluters. The polluters, as such, have not deterred from using pollutant engine makes of vehicles as monetary levies were observed to be quite low. Same needs substantial enhancement to be more effective.

(b) **Unutilised Funds lying dormant** The Green funds, so collected, are currently lying dormant and unutilised due to lack of a proper action plan towards pollution control. With no plan for pollution control this revenue sources are likely to be siphoned off for other works thereby defeating the purpose.

(c) Non compliance in Green Tax payments due to unregulated and non uniform system at pan India level.

(d) No robust Plan of Action in place for optimal utilisation of resources through Green Tax.

Roadmap for Combating Vehicular Pollution

A suggested Roadmap for curbing the vehicular pollution which forms approximately 50% of the total emissions of PM 2.5 requires robust planning and forceful implementation along the following lines:-

(a) **Provisioning of State Subsidies on EVs** Electric vehicles are a potent method of controlling vehicular emissions but their affordability by common households is a problem. Substantial subsidies on electric vehicles by states will boost their usage. Some of the States which offer subsidy on EVs are as under:-

State	Per kWh of battery capacity	Max Subsidy	Road tax exemption
Delhi	Rs 5,000	Rs 30,000	100%
Maharashtra	Rs 5,000	Rs 25,000	100%
Meghalaya	Rs 10,000	Rs 20,000	100%
Gujarat	Rs 10,000	Rs 20,000	50%
Assam	Rs 10,000	Rs 20,000	100%

The subsidies are expected to act as rewards to polluters for reducing emissions and would reverse flow of revenue for government.

(b) **Enhanced Tax rates on Older fleet** - The in-use old vehicles which defy all pollution friendly norms need to be discouraged through imposition of higher tax rates. The on road commercial and private vehicles with BS II norms or below need to be discouraged through heavy taxations.

(c) **Promotion of Fuel Efficient, cleaner BS VI vehicles through:-**

(i) Lower Road Taxes (ii) Lower Toll charges (iii) Reduced Parking charges

(d) **Initiation of Tax - Subsidy combinations on Nationwide basis to avoid selective implementation.**

(e) **Enhancement of investments in Eco-friendly and energy efficient housing, power generation and public transportation systems.**

(f) **Promotion of Eco-friendly start ups and innovations for development of Eco-friendly engines and techniques.**

(g) **Enhanced Govt to Citizens (G2C) contact and collaboration through Awareness Workshops and Community campaigns.**

Conclusion

Pollution is a product of multiple sources ranging from Dust, Household, Industrial and vehicular emissions. While other sources are equally important to be tackled with, vehicles constitute the biggest chunk in PM 2.5 emissions and need to be addressed on priority. Green Tax concept which aims to tax the polluter is a viable solution which while discouraging use of older vehicles would also generate suitable revenue for the government to tackle pollution. Simultaneously, incentives on cleaner and healthier fuel vehicles will boost their utilisation and

offset the high costs. However, the success of Green Tax system would depend on the immediate and rational usage of the resources so generated on public welfare, specifically for pollution control. A whole of government approach with a combination of incentives, penalties and awareness campaigns would pay timely dividends.

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