

# *From Carbon Subsidy to Carbon Tax*

Workshop on Carbon Pricing: Latest Developments on  
Carbon Taxes, March 11, 2016

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# *Facts about India...*

- 2.4% of the world surface area
- Supports ~17.5% of the world population
- Largest proportion of global poor (30%)
- 304 million population without access to electricity
- 1.77 million people are houseless
- 92 million without access to safe drinking water

# *Fossil Fuel Subsidy*

- Diesel
- Petrol
- Kerosene
- LPG



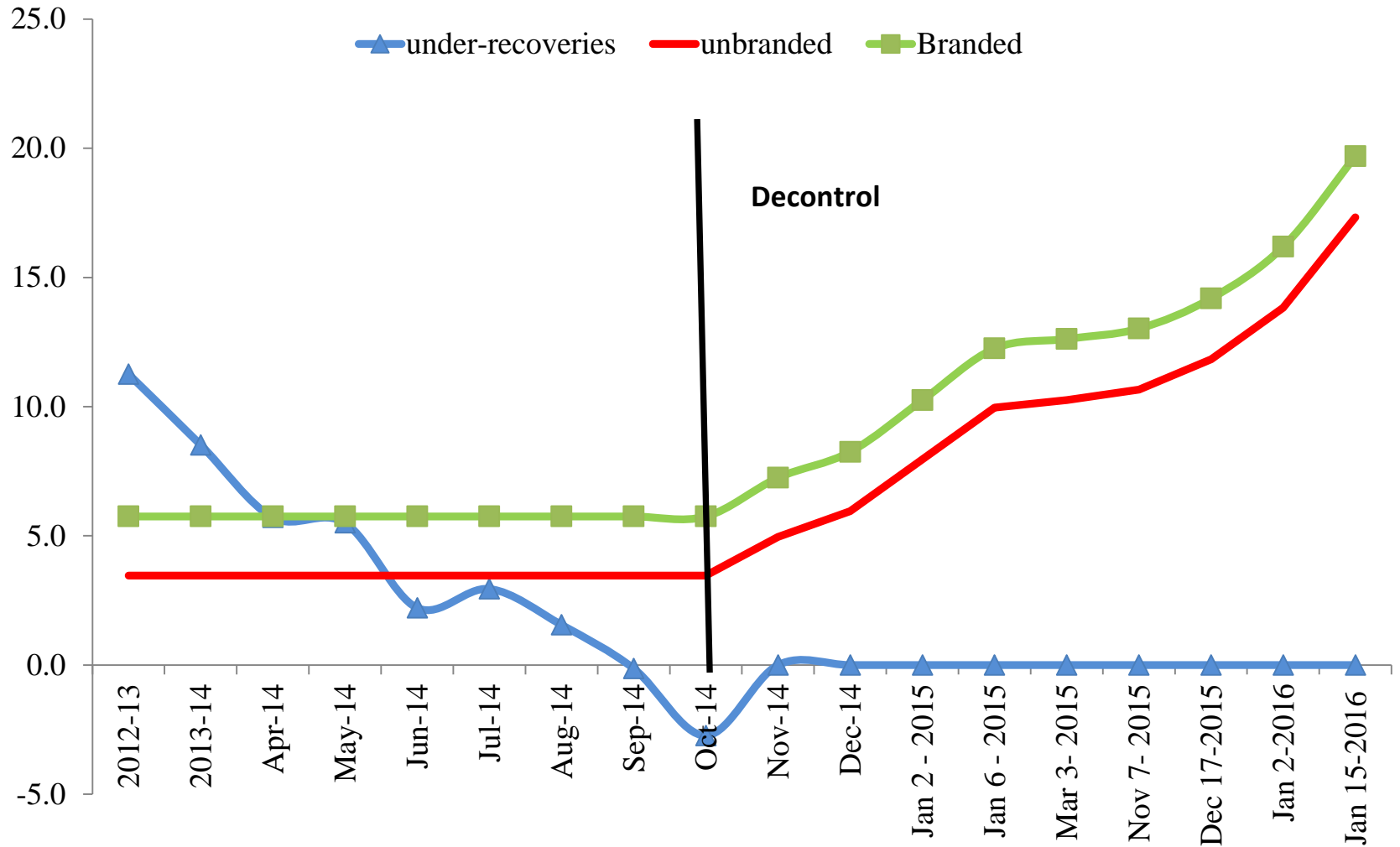
**Phased Out**

**Reform: Targeted  
Subsidies**

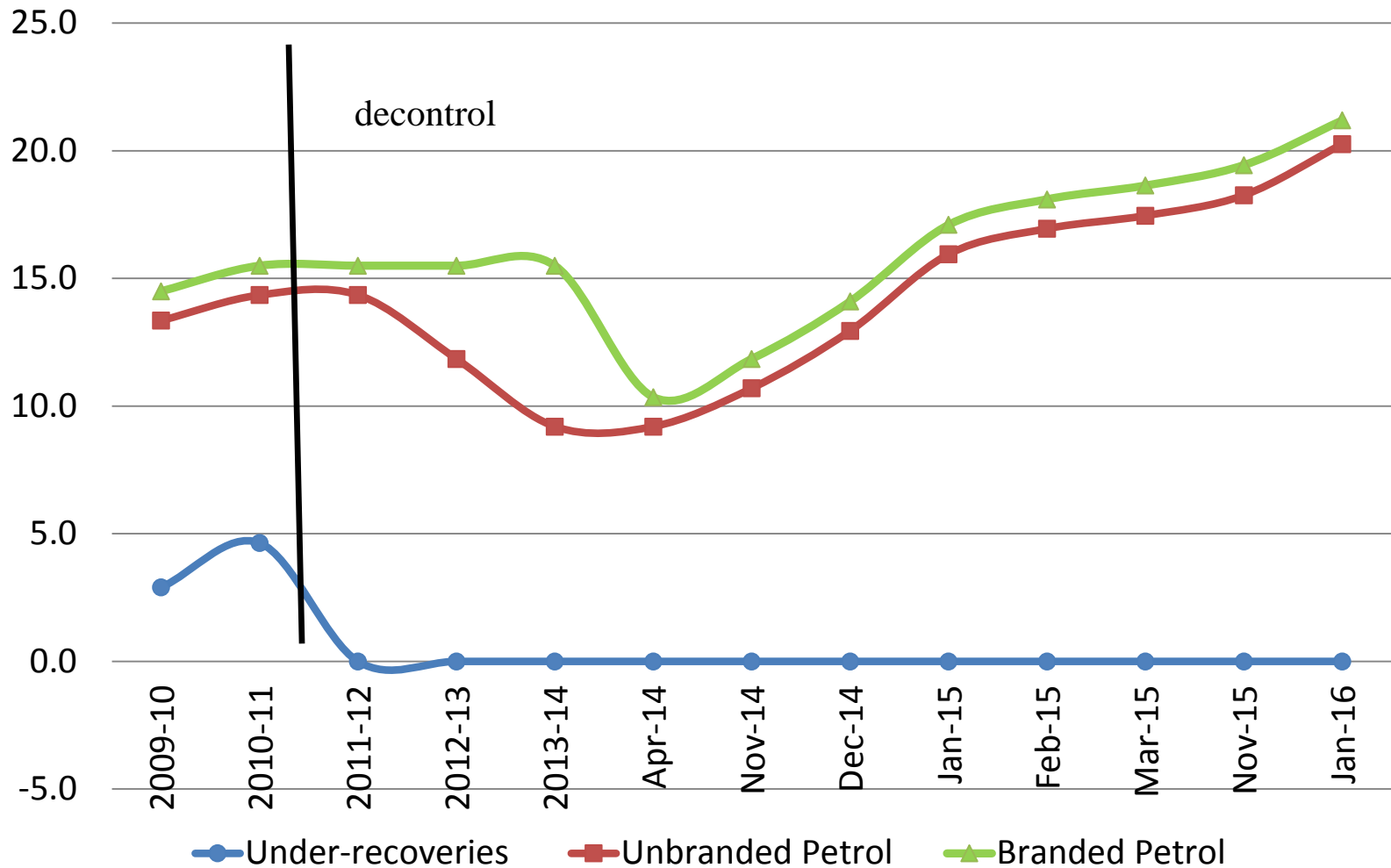
# *Domestic petroleum tax in major countries (dollars per litre)*

	<i>Diesel</i>			<i>Petrol</i>		
	<i>Jun-2014</i>	<i>Jan-2016</i>	<i>% change</i>	<i>Jun-2014</i>	<i>Jan-2016</i>	<i>% change</i>
France	0.60	0.74	23.4	1.18	0.93	-20.9
Germany	0.64	0.68	6.6	1.24	0.93	-24.9
Italy	0.84	0.91	8.0	1.42	1.07	-25.0
UK	0.98	1.08	10.5	1.35	1.08	-19.9
Japan	0.39	0.34	-13.2	0.63	0.55	-12.0
Canada	0.29	0.21	-28.4	0.37	0.27	-27.6
USA	0.13	0.14	4.6	0.11	0.12	6.3
<b>India</b>	<b>0.00</b>	<b>0.38</b>	<b>large no.</b>	<b>0.21</b>	<b>0.54</b>	<b>157.1</b>

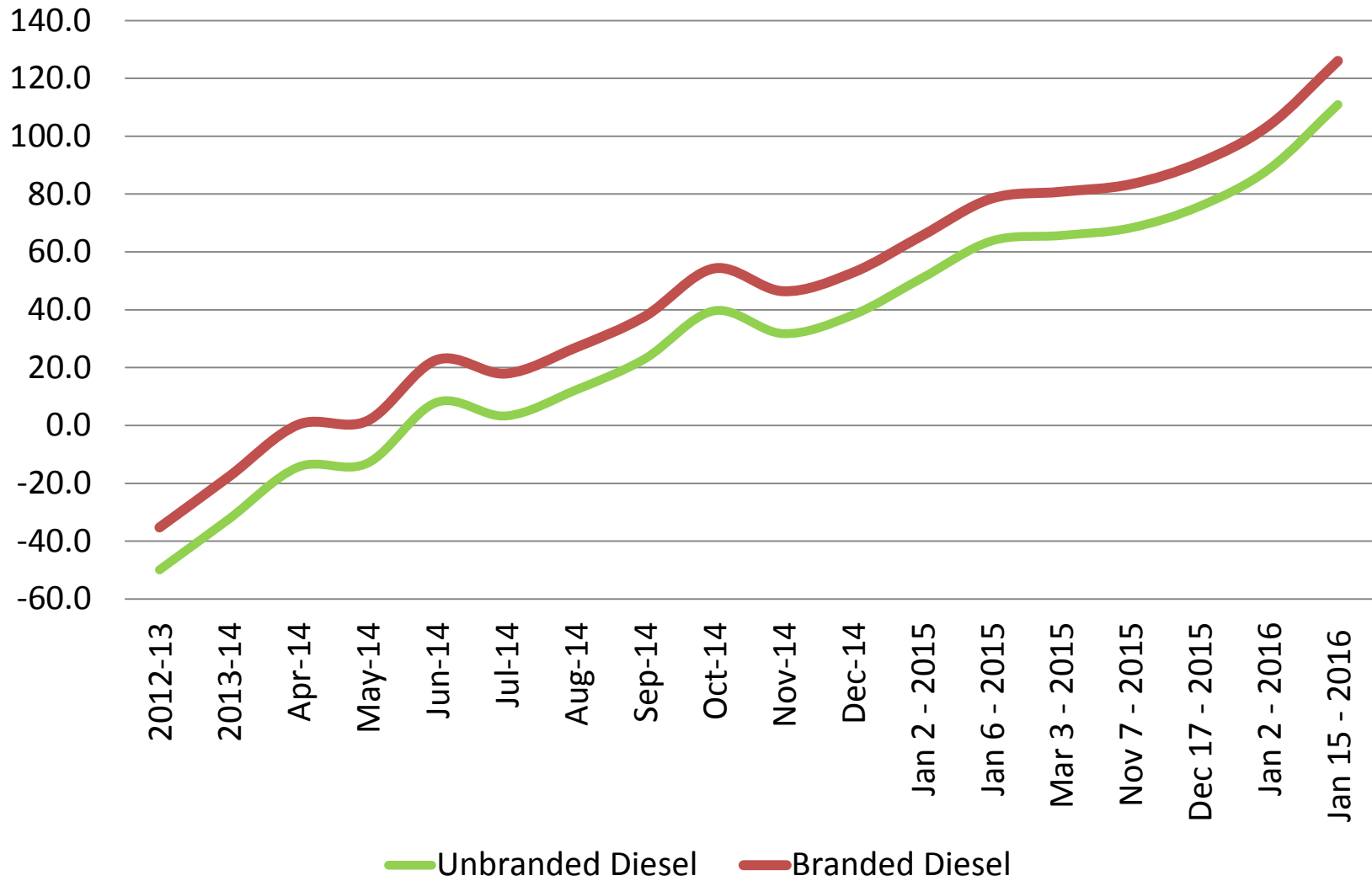
# Excise duty on diesel (Rs/Liter)



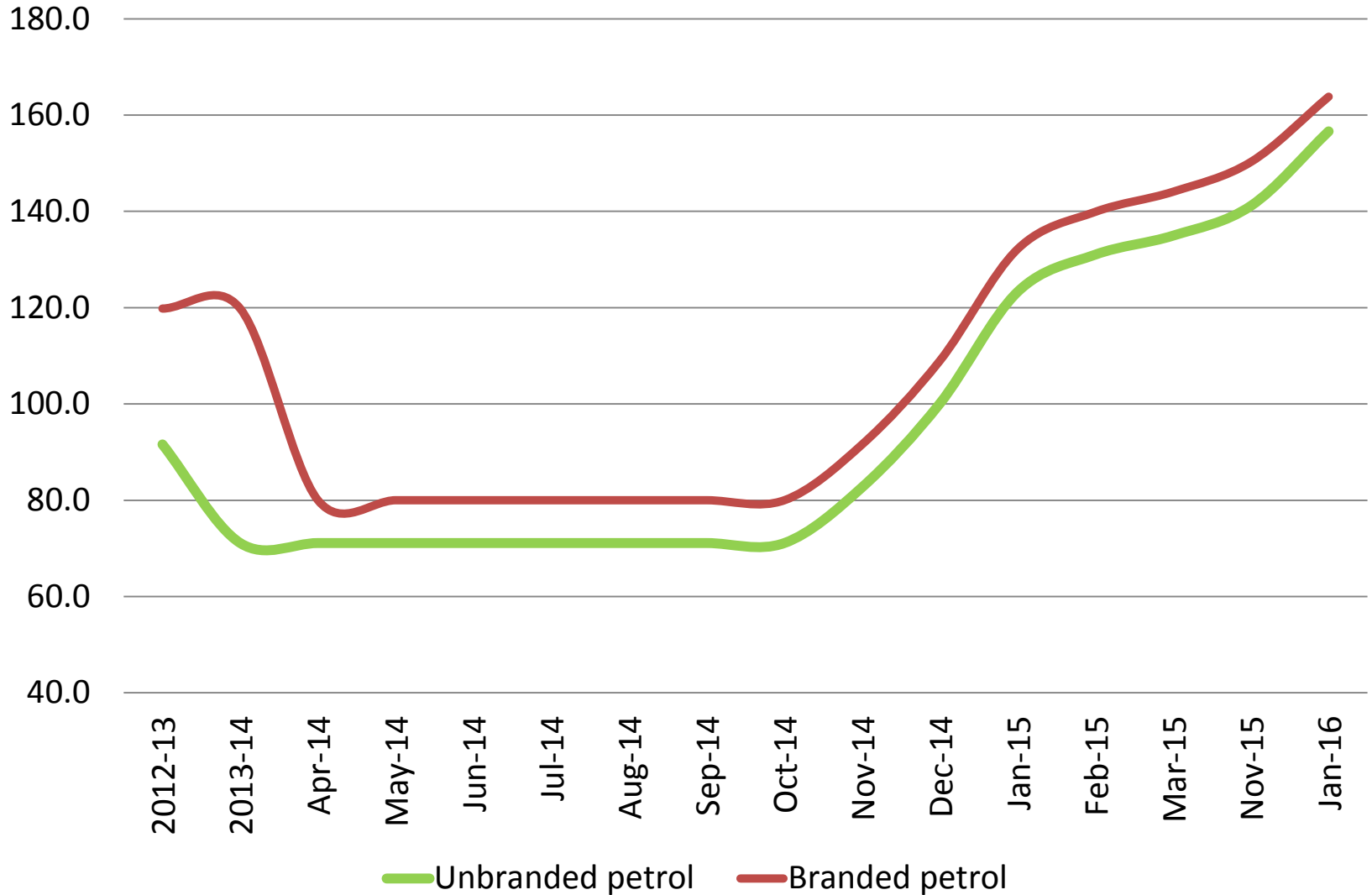
# Excise duty on Petrol (Rs/Liter)



# Implicit Carbon Tax from Increasing Excise duty on Diesel (US\$/tCO<sub>2</sub>)

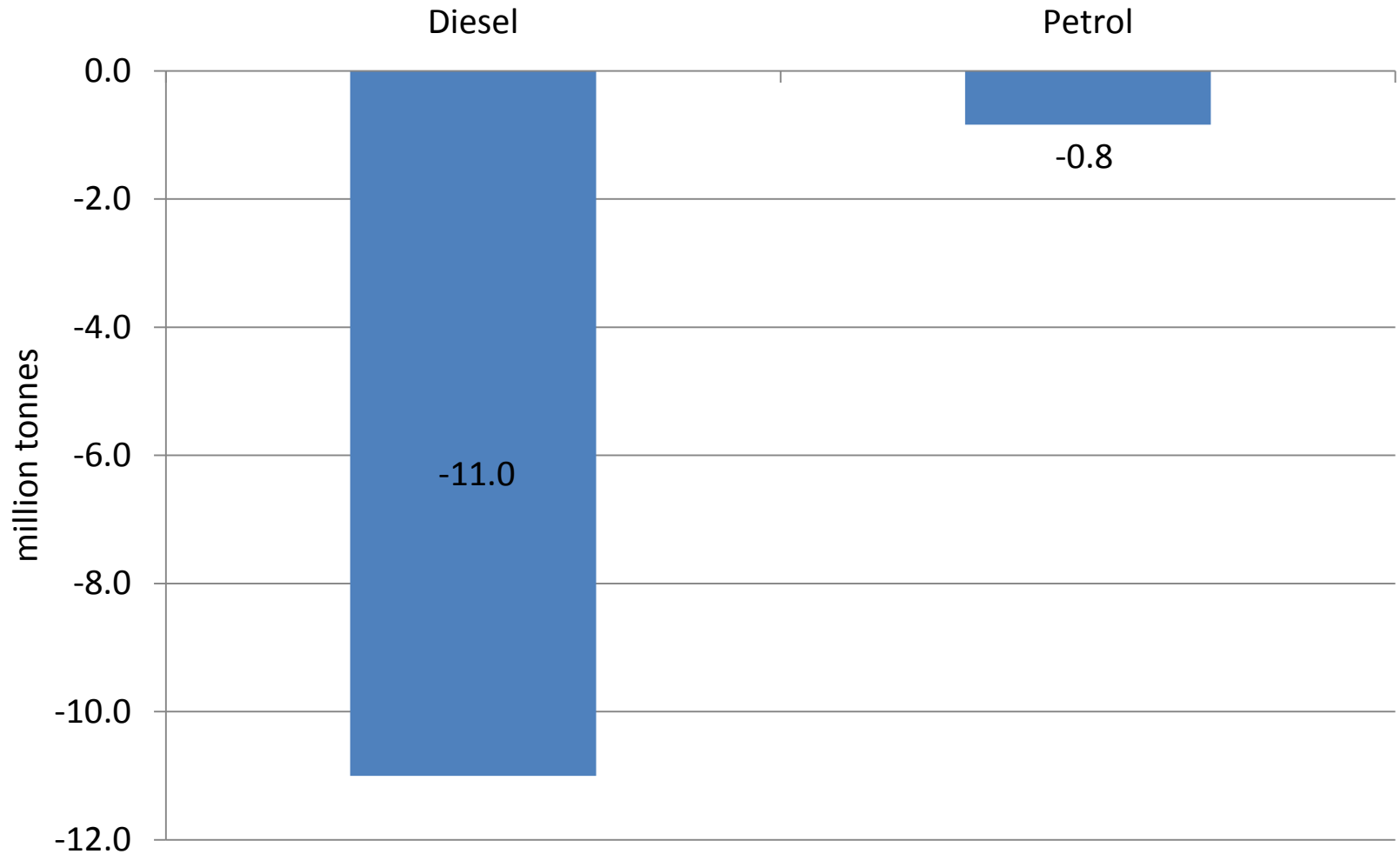


# Implicit Carbon Tax from Increasing Excise duty on Petrol (US\$/tCO<sub>2</sub>)



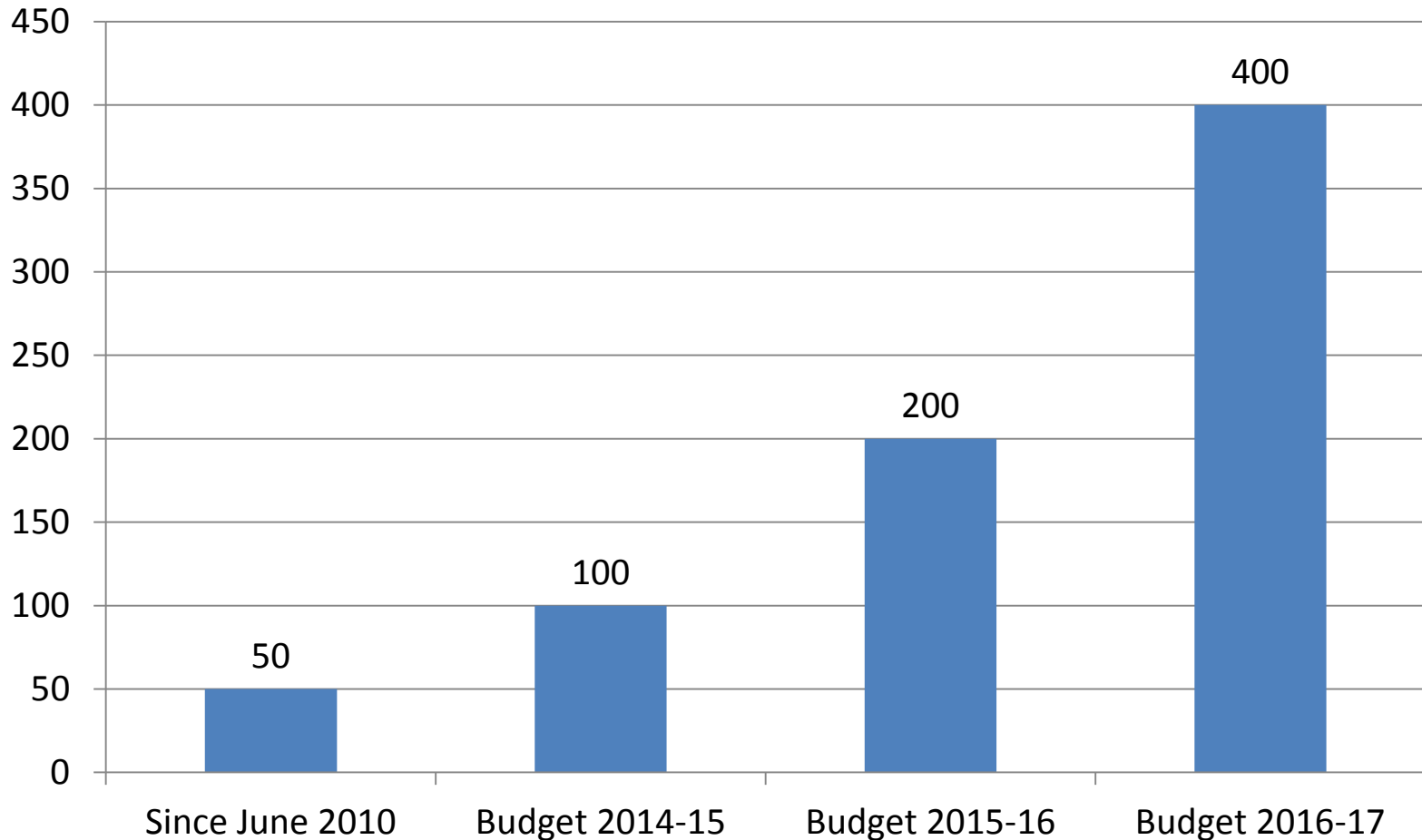


# CO2 Emission Reduction from Petrol and Diesel Pricing Measures in 2015



# *India's Green Initiative*

**Coal Cess (Rs per tonne)**



# *India's Green Initiative*

- International Solar Alliance (ISA)
  - The ISA will provide a special platform for mutual cooperation among 121 solar-resource-rich countries lying fully or partially between the Tropic of Cancer and Tropic of Capricorn
  - INDC
    - 40 percent cumulative electric power installed capacity from non-fossil fuel- based energy resources by 2030

# *Key Takeaways....*

- India has cut subsidies and increased taxes on fossil fuels—carbon subsidy to carbon taxes
- Boost to renewable energy
- Need for clean coal technology

**Thank You**