

RISKS OF CLIMATE CHANGE ARE THE STRONGEST NEGATIVE EXTERNALITIES THAT AFFECT INDIA AND OTHER COUNTRIES: UNION BUDGET 2022-23

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

The government aims to attain the vision of promoting **energy transition** and **climate action** during the **Amrit kaal**. While presenting the Union Budget 2022-23 in Parliament today, Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman, laid emphasis on this vision and put the same as one of the important priorities of the country for moving forward.

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; CO₂ SAVINGS OF 38 MMT EXPECTED
- FOUR PILOT PROJECTS FOR COAL GASIFICATION AND CONVERSION OF COAL INTO CHEMICALS TO ALSO COME UP

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“The risks of climate change are the strongest negative externalities that affect India and other countries”, the Union Minister said while addressing the Parliament. She re-iterated the **low carbon development strategy**, announced by the Prime Minister, as an important reflection of our government’s strong commitment towards **sustainable development**.

This strategy opens up huge employment opportunities and the budget proposes several near-term and long-term actions in this regard.

Solar Power

The Finance Minister has proposed an additional allocation of **Rs. 19,500 crore** for **Production Linked Incentive** for manufacture of **high efficiency modules**. This will also ensure the domestic manufacturing required for achieving the ambitious goal of **280 GW** of installed **solar** capacity by 2030.

Circular Economy

*“The **Circular Economy transition** is expected to help in productivity enhancement as well as creating large opportunities for new businesses and jobs”,* the Union Minister said while highlighting the importance of Circular Economy. She mentioned that the focus now will be on addressing important cross cutting issues of **infrastructure**, reverse **logistics**, **technology** up-gradation and **integration** with **informal** sector.

*“This will be supported by active **public policies** covering regulations, **extended producers’ responsibilities** framework and **innovation** facilitation”,* the Minister added.

Transition to Carbon Neutral Economy

Co-firing of **five** to **seven** per cent biomass pellets in thermal power plants has been proposed by Union Minister that will result in **CO2 savings** of **38 MMT annually**. *“This will also provide extra income to farmers and job opportunities to locals and help avoid stubble burning in*

agriculture fields", the Finance Minister added.

Energy efficiency and saving measures through **setting** up of **Energy Service Company (ESCO)** business model in large commercial buildings will also facilitate **capacity building** and **awareness** for **energy audits**, **performance contracts**, and common **measurement & verification** protocol.

Four pilot projects for **coal gasification** and **conversion** of **coal** into **chemicals** required for the industry have also been proposed to evolve technical and financial viability.

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Energy Transition and Climate Action

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