

Red alert on the green index

Reports, late last year, on [India's improved ranking in the World Bank's 'Ease of Doing Business' Index](#) (from 130 to 100) have been cause for much celebration. As a follow-up to this, the government announced additional reform measures to further improve the ranking.

Low green score

However, coinciding with this is the news that out of the 180 countries assessed, [India ranks low in the Environmental Performance Index](#) (EPI) 2018, slipping from rank 141 in 2016, to 177 in 2018. The EPI is produced jointly by Yale University and Columbia University in collaboration with the World Economic Forum. In comparison, emerging peer economies, Brazil and China, rank 69 and 120, respectively. The EPI ranks countries on 24 performance indicators across 10 issue categories. No index is perfect. But if an improvement in an index for ease of doing business is cause for celebration, then, equally, a drop in an index ranking environmental performance should be cause for concern and used as a context to examine our policy measures.

Electric vehicles: charging infrastructure needs a jolt to meet 2030 target

A look at recent initiatives shows that the government has set ambitious targets for environmental protection. In December 2015, it notified new, strict environmental standards for coal-fired power plants, to be effective from January 2018. An aggressive target was set to implement Bharat Stage VI emission norms from April 1, 2020, skipping Stage V norms. In 2017, the Minister of State for Power and Renewable Energy said that a road map was being prepared so that only electric vehicles would be produced and sold in the country by 2030. In order to accelerate the transition to renewable sources of power, the government, under the National Solar Mission, revised the target for setting up solar capacity from 20 GW to 100 GW by 2021-22. The Centre has also assured the Supreme Court of India that the highly polluted Ganga will be cleaned up by 2018.

A gap

What are we missing then? Unfortunately, there appears to be a big gap between policy goals and action. While we seem to be moving in the right direction on solar targets, we are seriously lagging behind in a number of other goals. For example, the government has gone back on its promise of implementing strict power plant emission norms by December 2017, and may even dilute the norms. The automobile industry has categorically stated that based on current estimates, full conversion to electric vehicles is realistically possible only by 2047. After setting electronics manufacturers a reasonable annual electronic waste collection target of 30% of the products sold in the market, the figure has now been relaxed to 10%. And late last year, the Comptroller and Auditor General, in a report, pulled up the government for not developing an action plan and for its poor utilisation of allocated funds in the clean-up of the Ganga. The list can go on.

Economic growth: an alternative view

Should we ignore environmental degradation as being just a cost of development? It turns out that the costs are pretty high. A recent study by the World Bank and the Institute for Health Metrics and Evaluation, University of Washington, Seattle, U.S., showed air pollution to be the cause of an estimated 1.4 million premature deaths in India, which translated into a welfare loss equivalent around 8% of India's GDP in 2013. In addition, the cost of lost labour productivity was 0.84% of its GDP. These estimates do not account for many other forms of environmental degradation and are quite conservative also because of our lack of scientific understanding of several other key ecological impacts. A significant concern is also the fact that the poor are affected

disproportionately because of environmental degradation.

The right price

Thus viewing environmental problems even from a purely market logic suggests that the solutions lie in recognising the environmental costs of development and “getting the prices right”. Rapid transition to solar energy can be accomplished not only by enabling subsidies but also by pricing the more polluting fuels correctly. The strict environmental standards for coal plants are expected to do precisely that — the price we pay for coal-based electricity reflect, at least partially, the true costs of producing such electricity. The failure to implement these standards would be a step backwards. Similarly, the transition to electric vehicle use would be aided by pricing petrol and diesel, and perhaps the vehicles that use these fuels, to reflect their external costs to society.

It is of course not the case that the current environmental mess we are in is entirely because of our recent environmental policy failures. It is linked also to the lack of political will to implement even existing environmental laws and regulations. It is not possible to restore environmental quality overnight. However, we must ensure that we are moving forwards, not backwards, in meeting our environmental targets. Being among the four worst countries in the world in terms of environmental performance should hopefully serve as a wake-up call.

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