

25/5/21

Candidates
must not write
on this margin

It is the right time for the country to adapt environmental fiscal reforms to ensure sustainable development. Explain (200 Words).

Even in the time of pandemic though there is large decline in tax revenue the government announces stimulus packages. UN has said the public debt may rise to around 90% from present 70%. In order to manage the public debt, decline of tax revenue and fill the financial needs it is the right time for environmental fiscal reforms to ensure sustainable development.

Bringing environmental fiscal reforms can positively impact the financing ability in various sectors other than environmental needs.

c) It can be used to increase public health expenditure to 2.5 - 3% of GDP as said in National health policy 2017, which can reduce out of pocket expenditure around to 30% from 65%.

उम्मीदवारों को
हार्डिप में नहीं
लिखना चाहिए

(ii) Shifting towards renewable energy differential taxation based on fuel efficiency can catalyst the transformation process

(iii) These taxes would help to alleviate poverty, reduce fiscal deficit.

Fiscal Reforms Needed

Several forms of environmental regulations are there → command and control → Cap and trade
→ Environmental tax

India follows command and control whose success depend on its architectural planning and execution.

Thus by Restructuring existing tax model, eliminating existing subsidies and taxes harmful to environment, initiating new environmental tax and diverting the tax to overall revenue pool can speed up the reform benefits.

Thus in the lines of Europe where the green tax didn't have much negative impact ~~of~~ on growth and GDP, India must be ready to adapt to environmental fiscal reforms.