5. In addition to market based instruments, a green tax framework is the need of hour to mitigate impacts of climate change. Explain.

India has recently updated its Intended Nationally determined contribution. Reducing emission intensity upto 45% of GDP by 2030, energy generation of 50% from non-fossil sources. Fossil fuel demand on other hand, is expected to double by 2050 according to reports. This calls for 'carrot & stick' strategy - Market based & regulatory mechanism to mitigate climate change impact.

carrot & stick strategies.

From green tax to tax rebates for transition to green energy.

eg: Denmark - 'corporate carbon tax' - highest in europe.

china - tax incentives for transition to green energy. electric vehicles.

Other hand Fossil fuel subsidies has to be reduced as this is 9 times higher than Renewable energy subsidies in Financial year 2021.

Policy measure.

Climate change challenge can be tackled through

'2' policy measures - Market based and regulatory mechanism

$\boxed{\text{Market based involves}}$ → Taxation, rebates and penalty.

Regulatory mechanism → deals with re steps to transform to non-fossil fuel sources.

Green taxes.

Importance of green taxes is clear from the following.

1. complement to both ~~fossil~~ fiscal & non-fiscal measures.

2. Taxes can be used to provide tax rebates for green transition. eg: GST on Electric vehicle chargers is 5%, while charging services - 18%.

3. Energy conservation amendment bill 2022, gives States more autonomy for energy transition. Help in carbon market and carbon trading. Also, gives States power to tax on carbon emissions. eg: uttarakhand.

4. Makes exporters competitive. 'cross border carbon taxation' 'Eco tax' with window for energy transition closing

Market based mechanism alone will not be sufficient. Green tax in addition, will help in mitigating climate change impacts.