Revenue from environmentally related taxes in India¹

As a share of GDP, India has the 4th lowest environmentally related tax revenue among 34 OECD and 5 partner economies. In 2014, environmentally related tax revenues were at 0.95% of GDP, compared to 2.0% on average among the 39 countries.

In India, taxes on energy represented 50% of total environmentally related tax revenue, compared to 70% on average among the 39 countries.

Taxes on energy use in India²

The OECD’s Taxing Energy Use (2015) publication compares taxes on energy use (excise and carbon taxes) across 34 OECD and 7 partner economies. The chart below shows average tax rates, expressed in EUR per GJ, by sector across all fuels and the economy-wide average. The bubble size represents the weight of the sector in total energy use.

» India has higher average tax rates on transport fuels (2.03 EUR/GJ) than on fuels used for heating and process purposes (0.09 EUR/GJ) or electricity generation (0.07 EUR/GJ);

» India has the 4th lowest tax rate on energy on an economy-wide basis, at EUR 0.27 per GJ, compared with EUR 2.7 per GJ on a simple-average basis across the 34 OECD and 7 partner economies.

Contacts

David Bradbury
Centre for Tax Policy and Administration
Head, Tax Policy and Statistics Division
David.Bradbury@oecd.org

Kurt Van Dender
Centre for Tax Policy and Administration
Head, Tax and Environment Unit
Kurt.VanDender@oecd.org
Effective carbon rates in India

The OECD’s Effective Carbon Rates (2016) publication presents the combined price signal on CO₂ emissions from taxes on energy and emissions trading systems (ETS), or the effective carbon rate (ECR). The charts below show shares of CO₂ emissions subject to different price ranges, for road, non-road and all emissions from energy use. EUR 30 is a conservative estimate of the climate damage from one tonne of CO₂ emissions.

In India, 47% of carbon emissions from energy use face no price signal at all; 10% face a price at or above EUR 5 per tonne of CO₂; and 2% face a price at or above EUR 30 per tonne of CO₂. This compares to a zero price for 60% of emissions across all countries, a price at or above EUR 5 per tonne for 30% and at or above EUR 30 per tonne for 10% of emissions.

Excluding road use, 50% of carbon emissions from energy use in India face no price signal at all; 4% face a price at or above EUR 5 per tonne of CO₂; and 0% face a price at or above EUR 30 per tonne of CO₂. This compares to a zero price for 70% of emissions across all countries, a price at or above EUR 5 per tonne for 19% and at or above EUR 30 per tonne for 4% of emissions.

Distribution of Effective Carbon Rates (ECR) on CO₂ emissions from energy use in India

![Distribution of Effective Carbon Rates](chart)

Figures shown in the charts may not add up to 100% due to rounding.


CO₂ emissions priced and average rates in India

The table below shows the average price signals from taxes and trading systems, and the share of emissions priced by these instruments.

- India does not currently have an ETS.

- In total, taxes in India price 53% of CO₂ emissions from energy use. The sectors with the highest tax coverage are agriculture and fisheries (99%) and road transport (97%).

<table>
<thead>
<tr>
<th>CO₂ emissions by sector (in t CO₂)</th>
<th>Tax</th>
<th>ETS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture &amp; Fishing</td>
<td>30 353</td>
<td>19.8</td>
<td>99%</td>
</tr>
<tr>
<td>Electricity</td>
<td>919 705</td>
<td>0.6</td>
<td>81%</td>
</tr>
<tr>
<td>Industry</td>
<td>889 730</td>
<td>2.3</td>
<td>55%</td>
</tr>
<tr>
<td>Offroad transport</td>
<td>15 531</td>
<td>20.2</td>
<td>67%</td>
</tr>
<tr>
<td>Residential &amp; Commercial</td>
<td>796 634</td>
<td>3.3</td>
<td>6%</td>
</tr>
<tr>
<td>Road transport</td>
<td>203 556</td>
<td>29.9</td>
<td>97%</td>
</tr>
<tr>
<td>Total</td>
<td>2 855 509</td>
<td>3.0</td>
<td>53%</td>
</tr>
</tbody>
</table>

Access the data for all 41 countries: [http://oe.cd/emissionsdata](http://oe.cd/emissionsdata)

Total average prices are weighted by the share of emissions in each sector that is priced in the country.

Tax and ETS can apply to the same emissions base. The overlap describes the percentage of emissions in a sector that is priced by both tax and ETS.