



Navigating Green Taxes for Environmental Sustainability in India

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Abstract

With the increased focus on sustainability in today's worldwide context, well-managed environmental legislation and effective enforcement would be highly desirable. This article considers the experience of green taxes in India, a large country with one set of problems arising from rapid industrialisation and growth, both economically and demographically, and another main problem based on diverse sources treating creation. Green taxes - also known as eco-taxes or environmental taxes have now emerged as a way to restrain the destructive effect on the environment resulting from human activity and promote environmentally conscious actions. The article starts out by defining green taxes as charges that are placed on agents in order to internalise the external costs of their actions. Prioritising reductions in pollution it demonstrates the creativity to tax behaviours that are harmful for our environment. India is a key member of OECD when it moves to levy taxes on hazardous gases as prescribed by this intergovernmental economic consortium, which happens often since the latter plays an important role in global strategies. It also explores how green taxes are used as tools to support conservation, waste management, and trends within the GDP, which is a facet that this study explores. It studies some case laws which show the implementation of these levies in order to analyse the impact caused by green taxes to the economy and environment, specifically in India. This study provides an understanding of the intricate design channels in India's mix of green taxes and its intent to address environmental concerns by promoting sustainable development.

Keywords

Sustainable Development, Green Taxes, Waste Management, Conservation.

1. Introduction

Sustainability is essential in today's world; a greener world can only be materialised when effectively enforced and justifiable legislation is based upon the laws of nature. penalties but also limiting emissions by regulating polluters and environmental considerations from contradicting equilibriums. However, with global challenges including pollution - which has reached levels where it is now life-threatening for many major urban centres; resource depletion, and (above all) climate change looming ever larger on the horizon, the government must exercise imagination to square support for sustainable development with hard-headed realism. Green Taxes, also known as ecological taxes or eco-taxes, have been popularised as a market-based tool to deter environmentally harmful behaviour, reduce emissions and mitigate the harmful effects of human activity on the environment. More generally, green taxes or environmental taxes are taxes on economic activities that generate a negative externality (e.g. pollution).¹ This provides financial incentives for adopting environmentally friendly practices in order to make the economy more sustainable and promote positive human behaviour.² For instance, carbon taxes incentivise the transition to cleaner technology and internalise the broader social harm of emitting carbon into the atmosphere.

The OECD (Organisation for Economic Co-operation and Development) guides global efforts to reduce pollution,³ with India being a key member,⁴ Countries worldwide are implementing environmental taxes to hold polluters accountable for ecosystem harm.⁵ The introduction of green taxes has gained significant relevance in the context of India, which is recognised for its growing population, rapid industrialisation, and various natural environments. The Indian government's proactive attitude to resolving environmental problems, as well as its commitment to reaching the Sustainable Development Goals (SDGs), has driven the implementation of a variety of green taxation initiatives aimed at diverse industries. Green tariffs are addressed in several of the motor vehicle rules of various Indian states, such as The Tamil Nadu Motor

¹Turner, R.K., Salmons, R., Powell, J. and Craighill, A., 1998. Green taxes, waste management and political economy. *Journal of Environmental Management*, 53(2), pp.121-136.

²European Commission, Directorate-General for Taxation and Customs Union, *Taxation In Support Of Green Transition: An Overview And Assessment Of Existing Tax Practices To Reduce Greenhouse Gas Emissions : Final Report*. Publications Office (2021), <https://data.europa.eu/doi/10.2778/343194>

³Ajay Raju, *A Study on Green Tax in India -It's Effectiveness and Challenge*, JOURNAL OF SEYBOLD REPORT, 15(7), p. 1799 (2020).

⁴*Ibid.*

⁵*Ibid.*

Vehicles Rules, 1989⁶; The Gujarat Motor Vehicles Rules, 1989⁷; The Madhya Pradesh Motor Vehicles Taxation Act, 1991⁸; The Karnataka Motor Vehicles Rules, 1989⁹. India has established a number of green tariffs to enhance environmental sustainability and minimise pollution. These consist of a carbon tax on fossil fuels,¹⁰ an environmental compensation charge for automobile pollution, and tariffs on non-ecological imports. Furthermore, severance taxes on minerals, energy, and forestry products contribute to sustainable resource management, whereas trash disposal fees promote effective waste disposal methods.¹¹ Outdoor activity licence fees help to support conservation efforts, while property value taxes discourage speculation and promote sustainable land use practices. These policies demonstrate India's commitment to tackling environmental challenges and promoting a greener, more sustainable future.

The paper explores the implementation of green taxes in India and their consequences as well as examines how these taxes can help to combat environmental problems led by population expansion and industrialisation. The research is aimed at assessing the environmental aspect of green taxes with particular attention to its capacity to make agents environmentally responsible and reduce pollution levels by verifying how well these indirect instruments price activities that exert negative externality. This also discusses the role of India in OECD and how pollution efforts are channelled when green levies are recommended by the body to reduce pollution. This research aimed to investigate the degree of effectiveness and the performance of the environmental regulations in India concerning waste management, conservation and sustainable resource practices. Analysing particular case law provides insight into the real-world effects of green taxes, which is essential information to know to assess how they will affect the ecology and economy of India. Lastly, a comparative analysis with Norway, South Korea, and Australia seeks to identify distinctions and parallels in the economic and environmental effects of green taxes in order to draw important conclusions for promoting environmental sustainability on a global scale through fiscal policies. The general

⁶ The Tamil Nadu Motor Vehicles Rules, 1989, Acts of Tamil Nadu State Legislature, 1953 (India).

⁷ The Gujarat Motor Vehicles Rules, 1989, Acts of Gujarat State Legislature, 1953 (India).

⁸ The Madhya Pradesh Motor Vehicles Taxation Act, 1991, Acts of Madhya Pradesh State Legislature, 1953 (India).

⁹ The Karnataka Motor Vehicles Rules, 1989, Acts of Karnataka State Legislature, 1953 (India).

¹⁰ Aaqib Ahmad Bhat and Prajna Paramita Mishra, *Evaluating The Performance Of Carbon Tax On Green Technology: Evidence From India*, ENVIRONMENTAL SCIENCE AND POLLUTION RESEARCH, 27, pp.2226-2237.

¹¹ *Treated and purified sewage water for industrial use to attract 18% GST, says AAR*, THE ECONOMIC TIMES, (July. 4, 2024, 1:42 PM), <https://economictimes.indiatimes.com/news/india/treated-and-purified-sewage-water-for-industrial-use-to-attract-18-gst-says-aar/articleshow/84941369.cms?from=mdr>

objective of the research is to offer readers a thorough grasp of the complex dynamics underlying green taxes at both the national and global levels.

2. The Economic and Environmental Impacts Of Green Taxes In India

With its remarkable technological advancements and economic prosperity, the Industrial Revolution, which spanned the late 18th and early 19th centuries, was a turning point in human history. During this time, mechanisation and mass production contributed to the transition of economies from rural to industrial. Although this industrial era greatly improved living conditions and accelerated economic growth, it also had negative effects on the environment. The broad use of coal and other fossil fuels has caused mass deforestation, habitat loss, air, and water pollution. These environmental issues signal to us that sustainable development strategies must be utilised in coordination with efforts towards achieving a balance between conserving land and creating jobs.

2.1 Environmental Challenges of Industrialisation

It was the time of the Bhopal gas disaster in 1984 and Oleum Gas Case in 1986, was a rude lesson for India getting developed. If any good came out of these tragic events, it is that we learned the hard way just how perilous this practice can be when industry and profit are given precedence over public safety and making a reasonable effort to protect the environment. The immediate loss of life, the severe injuries, and the lingering health implications that followed served as a stark illustration to us all about why we need strong workplace safety laws and ethical industrial practices. So-called green taxes are mechanisms for aligning economic activity with environmental objectives by increasing the price of pollution while reducing the costs of cleaner technology. Not only do these prevent businesses from reducing the cost of safety and environmental processes, they also give money to disaster relief from nature and environmental preservation. In addition to funding for conservation and tragedy relief, they basically stop any company from underpricing its market. While they may fund conservation and disaster relief, they also keep companies from slashing expenses on environmental and safety procedures. It reminds us of the significance of embracing sustainable ways of working and building in order to ensure steps are taken proactively to protect public health and the environment from the impacts that can arise when we experience expansion at this rate.

2.2 Landmark Judgements

*Vellore Citizens Welfare Forum v. Union of India*¹² was a writ petition under Article 32 of the Indian Constitution. The case was filed by the

¹² Vellore Citizens Welfare Forum v. Union of India, AIR 1996 SUPREME COURT 2715.

Vellore Citizens Welfare Forum seeking action against pollution caused by the discharge of untreated effluent by tanneries and other industries, in particular from the Palar River, which is the primary source of water supply to the area. The petition was regarding environmental degradation due to tanneries such as the poisoning of land and groundwater. The Supreme Court said that the "Polluter Pays" principle and that companies should not be allowed to run away from their obvious environmental damages for which they need to be accountable. It mentioned that over the past 10 years it had been persuading tanneries to adopt measures to reduce pollution by providing ETPs, or using individual pollution control devices, but several remained non-compliant. There are 57 tanneries that will close following court orders, as these have repeatedly failed to comply with directives to set up ETP. The judgement emphasised the need for environmental protection and use of green taxes or other economic instruments to make companies pay for pollution and contribute to environmental conservation.

Taj Trapezium Case, *M.C. Mehta vs Union Of India & Ors, 1996*¹³, is one of the landmark environmental cases in the Supreme Court of India. The case involved protecting the Taj Mahal, a UNESCO World Heritage site in Agra, from surrounding industries. Petitioner M.C. Mehta sought to put an end to air pollution in the Taj Trapezium Zone (TTZ) and to the liability of the industries located around it for any harm caused by their operations on the health and marble fittings of the monument. The case primarily questioned whether TTZ industries using coke/coal as industrial fuel was affecting the health of the Taj Mahal and its inhabitants. The court evaluated the various reports and pleading of the petitioners, as well as the maintainability by respondents. Several environmental and human rights frameworks were applied by the Court to establish this principle. The court invoked several environmental principles, including the Precautionary Principle and Polluter Pays Principle. It focused on stopping further environmental degradation and holding polluting industries accountable for their actions. The court verdict asked industries in TTZ to use natural gas as industrial fuel. Industries that could not get gas connections were asked to stop operations in TTZ and shift to an alternative plot allotted by GAIL (Gas Authority of India Limited) away from TTZ. The judgement also addressed the concerns of the workers in these industries, ensuring their job continuity during the shifting period and compensating those who chose not to migrate. The whole Taj Trapezium Case set a standard for environmental conservation in India, highlighting the need for sustainable development and the defence against pollution of cultural heritage sites.

The Polluter Pays Principle was firmly established in Indian environmental law with the landmark case *Indian Council for Enviro-*

¹³ M.C. Mehta v. Union Of India & Ors, AIR 1997 SUPREME COURT 734.

*Legal Action v. Union of India (1996)*¹⁴. The issue focused around pollution created by chemical factories in Rajasthan's Bichhri village, including Hindustan Zinc Limited and other significant plants. These factories produced highly hazardous waste, particularly sulphuric acid, causing significant environmental damage and health difficulties for the locals. Despite concerns voiced by the parliament and ministry, no action was taken, resulting in demonstrations and legal proceedings. The court found the industries responsible under the Polluter Pays Principle and ordered them to pay for environmental repair and restoration. The court ordered the defendant industries to pay Rs.37.385 crores, with compound interest at a rate of 12% per annum, beginning April 11, 1997, until the amount was entirely paid or reimbursed. The decision emphasised the principal's role in guaranteeing that individuals who profit from industrialisation suffer the price of its environmental damage.

3. Role of Green Taxes:

Green fees have a substantial influence on businesses that comply with environmental regulations. These tariffs provide an immediate incentive for businesses to reduce their environmental impact by imposing a financial penalty on environmentally detrimental practices.¹⁵ Increased tax payments encourage businesses to use cleaner technologies, enhance industrial processes, and invest in pollution-control measures. Green taxes, in essence, connect economic self-interest to environmental responsibility. As businesses seek to reduce their tax obligations, they naturally look for ways to reduce pollution and resource consumption, fostering an environmental compliance culture.¹⁶ This meticulous commitment not only improves the environment but it also contributes to an organisation's long-term viability by lowering its sensitivity to legal liabilities and unfavourable publicity.

4. Promoting Innovation and Economic Growth:

Environmental taxes encourage investment in R&D focused on creating innovative solutions to reduce the environmental impact of industrial operations.¹⁷ Industries are motivated to explore and produce cleaner technologies and more productive ways when they

¹⁴ Indian Council for Enviro-Legal Action v. Union of India, 1996 AIR 1446.

¹⁵Xinghua Fan, Xuxia Li & Jiuli Yin, Impact Of Environmental Tax On Green Development: A Nonlinear Dynamical System Analysis. PLOS ONE, 14(9), e0221264 (2019).

¹⁶*How Businesses Need To Navigate Environmental Incentives And Penalties*, EY GLOBAL, (July. 4, 2024, 1:42 PM), https://www.ey.com/en_gl/insights/tax/how-businesses-need-to-navigate-environmental-incentives-and-penalties

¹⁷Yang Shen & Xiuwu Zhang, Study On The Impact Of Environmental Tax On Industrial Green Transformation, INTERNATIONAL JOURNAL OF ENVIRONMENTAL RESEARCH AND PUBLIC HEALTH, 19(24), 16749 (2022).

confront economic pressures from growing polluting practices.¹⁸ This drive for innovation has the potential to result in cutting-edge solutions that decrease pollution, conserve resources, and increase overall efficiency.¹⁹

Companies experimenting with cutting their tax obligations are usually at the forefront of emerging technologies. Consequently, they have the potential to create whole new markets or modify ones that are already present, fostering economic expansion and advancement in environmentally conscious businesses. These have significant economic effects that extend beyond particular businesses, promoting environmental objectives and creating new job possibilities. They promote economic expansion in industries, including waste management, sustainable manufacturing, and renewable energy. Green taxes also promote innovation, better environmental practices, changing consumer behaviour, and generating income. They lessen pollution, promote eco-friendly activities, prohibit dangerous conduct, enhance the quality of the air and water, and minimise carbon emissions.²⁰ Nevertheless, they may have unfavourable effects, including a regressive effect, issues with competition, administrative expenses, and possible leakage.

5. Challenges and Considerations:

Green taxes, which create cash, might be utilised to support environmental initiatives and conservation activities, eventually benefiting society. On the other side, high green taxes may raise an industry's cost of production, which would diminish its worldwide competitiveness, output, and employment losses.²¹ By implementing green tax laws that promote environmental objectives without placing undue constraints on businesses, governments must strike a balance between these trade-offs. Effective green tax laws may start a positive feedback loop by allocating funds to projects like renewable energy, sustainable transportation, and green infrastructure that support economic expansion. Redirecting funding to sustainability-oriented projects allows governments to both promote economic development and lessen the negative economic effects of green levies.

In a nutshell, green taxes play an important role in bringing together economic activities & environmental objectives in India. In this regard, they stimulate firms to employ eco-friendly technologies, diminish emissions and save on resources. They stimulate innovation, economic growth and environmental protection. Despite some issues and doubts, their merits outweigh their demerits. Governments should

¹⁸Jenny E. Ligthart, *The Macroeconomic Effects of Environmental Taxes: A Closer Look at the Feasibility of "Win-Win" Outcomes*, INTERNATIONAL MONETARY FUND (May 1998), <https://www.cbd.int/financial/fiscalenviron/g-fiscalmacro-imf.pdf>

¹⁹ Shen & Zhang, *supra* note 17.

²⁰ *Ibid.*

²¹ *Ibid.*

continue to create and improve green tax policies in order to promote sustainable development and a healthy environment for future generations.

6. The Role Of OECD:

Countries such as India must be supported by institutions like the OECD in the adoption of green taxes. The OECD on the international level The OECD is the world's largest and most prestigious social organisation, with the capabilities of governments to work together, create global norms, and share ideas and best practices. In the beginning, the OECD emerged from the Organisation for European Economic Co-operation (OECD), which was created to run the US-financed Marshall Plan for rebuilding war-torn Europe.²² It seeks to stimulate long-term economic growth, job creation, living standards, and economic expansion in all its member and non-member countries.²³ OECD has partnered with India in the best practices with technical expertise in exploring policy recommendations.²⁴ The partnership will strengthen India's ability to design and deploy green fiscal policies that are in line with global practices and green development goals.

6.1 OECD Frameworks and Tools:

Through its research and policy analysis, the OECD offers a framework for designing green tax systems that work. The OECD has developed a variety of tools, one of the more prominent of which is an indicator of Environmental Policy Stringency (EPS).²⁵ The indicator quantifies the stringency of environmental instruments, which allows the compare regulations between countries, and the chosen instruments can be extended so that the evaluation is comprehensive.²⁶ The EPS index is both geographically and temporally expansive but in essence provides a common base point for the whole architecture of environmental law. The OECD also has developed methods and techniques for quantitative analysis of the economic impact of environmental policy.²⁷ This includes, for example, quantitative proxies measuring how strong

²²The "Marshall Plan" speech at Harvard University, 5 June 1947, OECD, <https://www.oecd.org/en/about/history/the-marshall-plan-speech-at-harvard-university-5-june-1947.html>

²³ *Ibid.*

²⁴Active With India, OECD, (July 2018), https://web-archiver.oecd.org/2018-07-23/267009-Active_with_India.pdf

²⁵Measuring Environmental Policy Stringency In OECD Countries, OECD LIBRARY, (July. 4, 2024, 1:42 PM), <https://www.oecd-ilibrary.org/docserver/90ab82e8-en.pdf?expires=1720092712&id=id&accname=guest&checksum=FBFCA5A33F5193CC6D07B35F1E99B4B3>

²⁶Enrico Bottai & Tomasz Koźłuki, *Measuring Environmental Policy Stringency In Oecd Countries:*

A Composite Index Approach, OECD PUBLISHING, OECD Economics Department Working Papers, No. 1177, (2014).

²⁷Environment-Economy Modelling And Outlooks, OECD, (July. 4, 2024, 1:42 PM), <https://www.oecd.org/en/topics/environment-economy-modelling-and-outlooks.html>

environmental policies are and to what extent they are compatible with market competition patterns.

7. India's Engagement with the OECD:

OECD environmental work helps countries design the most effective environmental policies and ensures that natural resources are managed in a sustainable manner. It examines the relationships between environmental policies and economic, sectoral or social concerns in a range of primary subjects.²⁸ This collaboration is most visible in the OECD's assistance for India's environmental projects.²⁹ Participating in OECD groups and fora provides Indian policymakers accessibility to an abundance of knowledge and expertise to assist in the development and implementation of successful green tax policies. The OECD's assistance includes the provision of reliable economic, social, and statistical data for evidence-based decision-making, which ensures that India's green tax policies are informed by the most recent research and best practices.³⁰

8. The Impact on Sustainable Development:

The OECD's role in establishing India's green tax policy is critical for fostering sustainable development. These taxes promote the adoption of sustainable practices and the transition to a greener economy by providing financial incentives to prevent environmental harm.³¹ Green taxes create cash, which is spent in environmental initiatives, magnifying its good impact. These grants are meant to support renewable energy initiatives, improve waste management systems, and raise public awareness of environmental concerns.³²

The OECD's multifaceted approach, which addresses numerous facets of human well-being, is consistent with the larger discussion on international environmental efforts. Its empirical rigour and forward-thinking methodologies help to improve our knowledge of how environmental policies might promote economic development and sustainability. This approach is aligned with the OECD's goal of promoting policies that support economic success, environmental well-being, and societal advancement.

²⁸ *Ibid.*

²⁹ *Supra* note 24.

³⁰ *Ibid.*

³¹ *Tax Incentives Can Help Enhance Adoption Of Sustainability Manufacturing: Experts*, THE ECONOMIC TIMES, (July. 4, 2024, 1:42 PM), <https://economictimes.indiatimes.com/news/economy/policy/tax-incentives-can-help-enhance-adoption-of-sustainability-manufacturing-experts/articleshow/110115593.cms?from=mdr>

³² Caroline Huggett & Perry Hatch, *Green Tax Or Promoting Environmentally Friendly Behavior*, WOLTERS KLUWER, (July. 4, 2024, 1:42 PM), <https://www.wolterskluwer.com/en/expert-insights/green-tax-environmentally-friendly-behavior>

An important factor in India's efforts to enact green levies is the OECD. The OECD assists India in developing and implementing green tax policies that are beneficial to sustainable development objectives through its frameworks, instruments, and cooperative projects. Together, we can improve India's environmental policy and pave the way for a cleaner, more sustainable future for the globe as a whole.

9. India's Green Tax Policies: Striving for Economic and Environmental Balance:

India just ratified the Paris Agreement and is aggressively striving to minimise greenhouse gas emissions with other countries. Green taxes first appeared in India in 1992, when the Ministry of Environment and Forests issued a Policy Statement.³³ The Ministry recognised the need to address environmental challenges through economic measures. The United Nations Environment Programme issued an Environment Report for India in 2001, recommending the use of economic tools as preventative measures to completely internalise the costs of environmental deterioration.³⁴ The National Environmental Policy of 2006 emphasised the use of economic means to regulate the environment.³⁵ In an effort to lessen the harm that greenhouse gas emissions pose to the environment, India implemented a carbon price system in 2010 that targeted coal and its derivatives, lignite and peat.³⁶ The Finance Act, 2010's Tenth Schedule originally established a statutory cess rate of Rs. 100 per tonne;³⁷ however, a notification dated June 22, 2010, changed the effective rate to Rs. 50 per tonne.³⁸ This cess was created to support and encourage sustainable energy activities and research. The rate of cess has since been gradually raised by a number of Union Budgets. The cess was increased to Rs. 100 per tonne and its purview was broadened to cover clean environment projects in the Union Budget 2014-15.³⁹ The cess was raised to Rs. 200 per tonne in the Union Budget 2015-16 and Rs. 400 per tonne in the Union Budget 2016-17.⁴⁰ Unlike many nations that impose carbon taxes on other fossil fuels such as petroleum and natural gas, India's cess only applies to coal, lignite, and peat. This focused strategy has stayed consistent, even as other countries revised their carbon price

³³Policy Statement for the Abatement of Pollution, 1992 (India).

³⁴India: *State of the Environment, 2001*, UNITED NATIONS ENVIRONMENT PROGRAMME, (July. 4, 2024, 1:42 PM), <http://www.sacep.org/pdf/Reports-Technical/2001-State-of-Environment-Report-India.pdf>

³⁵National Environmental Policy 2006, Ministry of Environment and Forests, Government of India, https://ibkp.dbtindia.gov.in/DBT_Content_Test/CMS/Guidelines/201904111035214_31_National%20Environment%20Policy,%202006.pdf

³⁶Rose K. Abraham, *Clean Energy Cess - Carbon Tax Of India*, ARTHAPEDIA, (July. 4, 2024, 1:42 PM), http://www.arthapedia.in/index.php/Clean_Energy_Cess_-_Carbon_Tax_of_India

³⁷*Ibid.*

³⁸*Ibid.*

³⁹*Ibid.*

⁴⁰*Ibid.*

policies following the 2008 global financial crisis.⁴¹ India has also reduced subsidies and raised taxes on fossil fuels, resulting in considerable increases in diesel and petrol costs while lowering yearly CO₂ emissions. In addition to traditional green taxes, India has implemented a number of unorthodox and autonomous tax levies throughout the country.⁴² The Central Government imposed an Advance Recycling Fee on the sale of electronic items in 2012 in order to raise cash for the establishment of infrastructure for the disposal of e-waste.⁴³ Further, the Central Government pays 50%, the State Government pays 25%, and the industry pays the remaining 25%. While these subsidies put a strain on the government's budget, they are seen to be successful in bringing about the necessary change in a relatively short amount of time. These tariffs only apply to 53% of carbon dioxide emissions, with agriculture, fisheries, and road transport receiving the most coverage.⁴⁴

The Water (Prevention and Control of Pollution) Cess Act of 1977,⁴⁵ collects water cess from local governments and particular companies, with a 25% refund available to those that stay below defined limits or have effluent-treatment plans. The Central Government has the authority to alter Schedule I to include polluting enterprises, although this authority has not been utilised regularly. The Act should cover additional hazardous businesses and revise the prices imposed on a regular basis. A comparable cess was collected under the Air (Prevention and Control of Pollution) Act of 1981,⁴⁶ however, the issue was insufficient money generation and inadequate revenue management. With numerous levies currently in place, there is a need to broaden coverage to encompass industries other than the three specified.

State and local governments have utilised different economic tools to combat environmental pollution, such as levies on power usage, monthly fees on families, stores, and so on, as well as exempting paper bags from taxation while taxing plastic bags. Some of these are elaborated below.

⁴¹*Ibid.*

⁴²*From Carbon Subsidy to Carbon Tax: India's Green Actions*, PRESS INFORMATION BUREAU GOVERNMENT OF INDIA MINISTRY OF FINANCE (Feb. 27, 2015, 12:30 IST), <https://pib.gov.in/newsite/PrintRelease.aspx?relid=116058>

⁴³*E-Waste Roadmap 2023 For India*, (July. 4, 2024, 1:42 PM), <https://greene.gov.in/wp-content/uploads/2020/12/2020120916.pdf>

⁴⁴ *Ibid.*

⁴⁵ Water (Prevention and Control of Pollution) Cess Act, 1977, Acts of Parliament, 1981 (India).

⁴⁶ Air (Prevention and Control of Pollution) Act, 1981, Acts of Parliament, 1981 (India).

1. State-Specific Initiatives

1.1 Leading States:

Maharashtra: Maharashtra has been at the forefront of combating plastic pollution, implementing a comprehensive ban on single-use plastics in 2018.⁴⁷ Moreover, Maharashtra has actively promoted alternatives to plastic, such as cloth and paper bags, through subsidies and public awareness campaigns.⁴⁸ Maharashtra, through its Ministry of Environment and Climate Change, has joined the World Economic Forum's Global Plastic Action Partnership (GPAP), effective May 22, 2022.⁴⁹

Karnataka: Karnataka has mandated waste segregation at the source for all households, with the Bruhat Bengaluru Mahanagara Palike (BBMP) imposing fines for non-compliance and incentivising the use of compostable bags.⁵⁰ Similar to Maharashtra, Karnataka has also banned single-use plastics and enforced strict penalties for violations.⁵¹

Kerala: Kerala introduced the Green Protocol during the National Games in 2015, banning the use of disposable plastic products at all government and public functions.⁵² This protocol has since been extended to all events, encouraging the use of reusable alternatives. Additionally, the Haritha Keralam Mission promotes environmental sustainability through waste management, water conservation, and organic farming.⁵³

⁴⁷Tanvi Deshpande, *Maharashtra Takes Steps To End Single-Use Plastic By May 1*, THE HINDU, (July. 4, 2024, 1:42 PM), <https://www.thehindu.com/news/national/other-states/maharashtra-takes-steps-to-end-single-use-plastic-by-may-1/article30865146.ece>

⁴⁸Alok Deshpande, *Maharashtra to distribute 30 lakh cloth bags among students*, THE HINDU, (July. 4, 2024, 1:42 PM), <https://www.thehindu.com/news/national/other-states/maharashtra-to-distribute-30-lakh-cloth-bags-among-students/article25720478.ece>

⁴⁹*India's Economic Powerhouse Maharashtra Joins the World Economic Forum in the Fight Against Plastic Pollution*, WORLD ECONOMIC FORUM, (July. 4, 2024, 1:42 PM), <https://www.globalplasticaction.org/indias-economic-powerhouse-maharashtra-joins-the-world-economic-forum-in-the-fight-against-plastic-pollution>

⁵⁰Bruhat BengaluruMahanagaraPalike Solid Waste Management (BBMP-SWM) Bye-laws, 2019.

⁵¹*BBMP Imposes Fines On Apartments For Not Composting In Situ*, THE HINDU, (July. 4, 2024, 1:42 PM), <https://www.thehindu.com/news/cities/bangalore/bbmp-imposes-fines-on-apartments-for-not-composting-in-situ/article30232202.ece>

⁵²Sonia Henam & Swati Singh Sambyal, *Pick The No Waste Option*, DOWN TO EARTH, (July. 4, 2024, 1:42 PM), <https://www.downtoearth.org.in/waste/pick-the-no-waste-option-58193>

⁵³*Water Conservation*, HARITHA KERALAM MISSION, (July. 4, 2024, 1:42 PM), <https://haritham.kerala.gov.in/submission-water.php>

1.2 States Catching Up:

Tamil Nadu: Tamil Nadu imposed a ban on single-use plastics starting in January 2019.⁵⁴ However, enforcement has been inconsistent, particularly in rural areas.⁵⁵ The state government has been conducting awareness campaigns to educate the public about the hazards of plastic and the benefits of using alternatives.

Delhi: The Odd-Even Scheme in Delhi, while primarily aimed at reducing vehicular pollution, indirectly affects plastic usage by promoting public transportation and reducing road traffic.⁵⁶ Despite efforts, Delhi has faced challenges in enforcing its ban on plastic bags and single-use plastics, mainly due to the high population density and significant informal sector.⁵⁷

1.3 States Lagging Behind:

Bihar: Despite a ban on plastic bags in urban areas, enforcement in Bihar remains weak. The lack of infrastructure for waste management and insufficient public awareness pose significant hurdles.⁵⁸ Efforts to promote alternatives to plastic are still in their early stages, with limited impact on reducing plastic pollution. Uttar Pradesh faces considerable challenges in waste management, with large quantities of plastic waste ending up in landfills and water bodies.⁵⁹ Although a ban on plastic exists, enforcement is inconsistent, and there is a scarcity of alternative options for the public.⁶⁰

10. Suggestions:

Green taxes are effective tools for promoting environmental sustainability, but their success depends on how they are

⁵⁴A Year Into Plastic Ban, *Tamil Nadu Still Struggles To Kick The Habit*, THE HINDU, (July. 4, 2024, 1:42 PM), <https://www.thehindu.com/news/national/tamil-nadu/plastics-down-but-not-out/article30422345.ece>

⁵⁵Mary Murphy, *Chennai's single-use plastic ban falters despite campaigns like Meendum Manjappai*, CITIZEN MATTERS, (July. 4, 2024, 1:42 PM), <https://citizenmatters.in/chennai-single-use-plastic-cover-vendors-tnpcb-manjappai-gcc-raid/>

⁵⁶Shahan Sud & Sindhuja Iyengar, *A Conceptual Review Of The Odd-Even Policy On Delhi's Urban Environment*, ARTHA JOURNAL OF SOCIAL SCIENCES, 15(4), 87 (2016).

⁵⁷Kushagra Dixit & Priyanka Agarwal, *Single-Use Plastic Ban Stays On Paper*, TIMES OF INDIA, (July. 4, 2024, 1:42 PM), <https://timesofindia.indiatimes.com/city/delhi/single-use-plastic-ban-stays-on-paper/articleshow/102064556.cms>

⁵⁸Swati Savarn, *Is the plastic ban working in the city?*, TIMES ENTERTAINMENT, (July. 4, 2024, 1:42 PM), <https://timesofindia.indiatimes.com/entertainment/events/patna/is-the-plastic-ban-working-in-the-city/articleshow/68875128.cms>

⁵⁹Kanchan Srivastava, *A Year On, Plastic Waste Returns to Uttar Pradesh Despite Ban*, THE WIRE, (July. 4, 2024, 1:42 PM), <https://thewire.in/environment/uttar-pradesh-plastic-waste-return-ban>

⁶⁰Dinesh Raj Bandela, *How Uttar Pradesh Can Avoid Patchy Implementation Of Plastic Ban*, DOWNTOEARTH, (July. 4, 2024, 1:42 PM), <https://www.downtoearth.org.in/governance/how-uttar-pradesh-can-avoid-patchy-implementation-of-plastic-ban-61207>

administered properly and how much the public understands about them. Given that most people are unaware of which green taxes apply to them or how to pay them, they are unable to comply with the law to ensure that individuals understand and are aware of these taxes; an eco-tax must be applied to vehicles or other taxable items sold in even if the consumer is not citizens. Second, there will be mismatches on account of regional differences in tax rates, which can lead to misinterpretation and additional burdens due to compliance. Conversely, rate uniformity may persuade taxpayers to govern themselves when it comes to these taxes and help lighten the load of a complex system on them. Implementing a zero-tolerance policy for non-payment of green taxes can also be used as a deterrent and to guarantee tax compliance. It also offers scope for promoting the initiatives as awareness campaigns.

11. Conclusion

This paper has made a comprehensive investigation of policy implementation and the Indian phenomenon in green taxes' role on environmental sustainability. Environmental taxes are appropriate because they bring economic activity in line with environmental targets, provide incentives to pollute and use resources as little as possible. India has hit some roadblocks with its newfound green tax policy, which is directed at sectors such as coal and e-waste (short for electronic waste). The OECD stands as a significant foundation for nations like India to implement and enhance green tax policies through frameworks, policy analysis, and technical assistance that contribute towards sustainable development goals and global environmental efficiencies. In addition to demonstrating the power of green taxes, next steps should address public perception and ensure inclusion not only by providing innovative technology. Stronger development of policy and research will enhance these tools further to prepare them for the ever-changing environmental footprint, as well as international economic dynamics. In conclusion, environmental taxes play a vital role in advancing the sustainability of economies by valuing and protecting our natural resources, which is why they impose green taxation. Furthermore, this supports more collaborative opportunities worldwide and a fluid movement from the conservation of the environment to financial prosperity.