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India's First Green Budget- A Move Towards Environment Sustainability



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Introduction

Environmental sustainability is a concept that has gained significant attention in recent years as societies grapple with the pressing challenges posed by climate change, biodiversity loss, and resource depletion. It refers to the responsible and balanced use of natural resources, ensuring their preservation for future generations while minimizing negative impacts on ecosystems and the environment (Microsoft, n.d). The urgency to achieve environmental sustainability stems from the recognition that human activities have significantly altered the planet's ecosystems, causing unprecedented environmental degradation and the loss of biodiversity. Climate change, in particular, poses an existential threat to human societies and ecosystems worldwide, necessitating immediate action to mitigate its impacts and adapt to the changing climate patterns. Furthermore, environmental sustainability is closely intertwined with social and economic dimensions.

The implementation of international agreements, such as the Paris Agreement and the United Nations Sustainable Development Goals, reflects the global commitment to environmental sustainability. Additionally, innovative technologies, policy frameworks, and public awareness campaigns are driving transformative change towards greener economies and more sustainable lifestyles. India has implemented several measures to address environmental issues and promote sustainability. One notable initiative is the introduction of the Swachh Bharat Abhiyan (Clean India Mission), which aims to improve sanitation and hygiene practices across the country (United Nations, n.d.) . This program has had a significant impact in reducing open defecation, improving waste management, and promoting cleanliness in both rural and urban areas. India's dependence on fossil fuels, particularly coal, has had adverse effects on environmental sustainability. The burning of coal releases greenhouse gasses and air pollutants, contributing to climate change and poor air quality. The extraction and transportation of coal also have detrimental impacts on ecosystems and local communities. Hence it can be stated that India's reliance on non-renewable energy and, large-scale Greenhouse Gas emissions due to fossil fuel combustion has increased the phenomenon of Climate Change and other environmental challenges in the country.

To address this, India has been gradually shifting towards cleaner alternatives. The government has incentivised renewable energy projects, implemented emission reduction measures for industries, and introduced policies to promote energy efficiency (Birol & A'Kant, 2022). While challenges remain, such efforts have helped reduce emissions and pave the way for a cleaner and more sustainable energy sector. One major way to act more responsively and consciously towards environmental sustainability is the adoption of a 'Green Budget' in the country (Girota, 2023). The Green Budget in India plays a crucial role in advancing initiatives, policies, and technologies aimed at reducing the country's dependency on non-renewable energy sources (Sinha, 2022). It focuses on allocating funds for sustainable development projects, renewable energy research and development, and the promotion of clean technologies.

Green Budget—Meaning and Overview

Green budgeting means using the tools of budgetary policy making to help achieve climate and environmental goals. “Green budgeting entails a systematic approach to assess the overall coherence of the budget relative to a country's climate and environmental agenda and to mainstream an environmentally-aware approach across all policy areas and within the budget process” (OECD, 2021, p.5). It consists of 6 pillars which are Mainstreaming Environmental Sustainability, Resource Allocation for Environmental Sustainability, Planning and Coordination, Evaluation and Monitoring, Transparency and Accountability, and Policy Signals for Green Initiatives (TERI, 2022).

The discussion about "green budgeting" in recent years reflects how countries have given importance to using the budgeting process to help achieve environmental and climatic goals. Our earth, society, and the global economy are all being impacted by climate change, biodiversity loss, and environmental degradation. Nations have taken proactive measures to protect the environment and combat climate change by setting national objectives and pledging to accomplish them. Effective budgeting plays a crucial role in prioritizing and financing government initiatives, significantly influencing the speed at which these goals are realized. The Organization for Economic Co-operation and Development (OECD) countries are at the forefront of promoting green budgeting, providing assistance to nations in utilizing budgetary instruments that enable decision-makers to fully grasp the environmental and climate consequences of their budget-related decisions (OECD, 2021). At the annual meeting of parties to the United Nations Framework Convention on Climate Change, all OECD nations reaffirmed their commitment to the 2015 Paris Agreement on climate change and their commitment to reduce their emissions of greenhouse gasses (Blazey & M'Lelong, 2022). The Paris Agreement had set a new international legal regime that aims to strengthen the global response to climate change (Horowitz, 2015). The Paris Collaboration on Green Budgeting was established by the OECD and collaborated closely with governments and experts to co-design practical and realistic strategies. It is a nationwide and cross-sectoral effort to budget sustainably (OCED, 2018). The OECD Paris Collaboration on green budgeting was formed in 2017 as a means to help countries with the integration of climate and environmental objectives into budgeting (Blazey & M'Lelong, 2022). It aims to create a platform for countries to exchange experiences on the construction of new and innovative tools.

Nationally Determined Contributions (NDCs) resulting from the 2015 Paris Agreement should be transformed into precise and granular government policies in order to implement budgetary policies successfully (Gonguet et. al, 2021). In light of this, governments should consider the climatic components of the Sustainable Development Goals (SDGs) when determining their development goals, long-term planning, and annual budget allocation decisions. The SDGs reflect a large portion of India's development goal and are an integral element of India's rich tradition and heritage. One of the goals in the SDGs is to address climate change and its effects, and under the National Action Plan on Climate Change, financial aid is given to the states and union territories to do so (Sustainable Development Goals, 2020). The National Action Plan on Climate Change outlines actions that advance our development goals and produce cost-benefit analyses for effectively combating climate change. It proposes a variety of actions to concurrently progress India's development and goals for adaptation and mitigation to climate change. India's stance on the United Nations Framework Convention on Climate Change (UNFCCC), which is being held at the Conference of the Parties (COP26), India pledged to reach net-zero emissions by 2070 (BBC News, 2021). It's a huge step in the right direction toward India's goal of becoming net zero by 2070 and green budgeting is one such mechanism to realise this goal.

India's Effort towards Environmental Sustainability— Implementation of Green Budget

India has been making serious efforts to implement green budgeting of which the Green India Mission (GIM), a program of the National Action Plan on Climate Change (NAPCC) is one of them (PIB, 2022). About 10 mega hectares of open, moderately dense, scrubby grasslands, mangroves, wetlands, croplands, and urban areas will be restored and reforested as part of the Mission's several sub-missions during the period (Roy and Fleischman, 2022). While the primary emphasis of the Mission is on mitigation and adaptation efforts to address climate change, the adaptation component is not adequately addressed. In the Green India Mission (GIM), the term "green" pertains to both adaptation and mitigation measures that aim to enhance ecosystem services such as carbon sequestration and storage (in forests and other ecosystems), hydrological services, and biodiversity. It also includes the provision of essential resources like fuel, fodder, small timber, and Non-timber Forest Products (NTFPs). The Mission seeks to combat climate change by enhancing carbon sinks in sustainably managed forests and other ecosystems, increasing

the resilience and capacity of vulnerable species and ecosystems to adapt to climatic change, and facilitating adaptation of local communities that rely on forests in the face of climatic variability (Ministry of Environment and Forest, 2010).

The budget for 2023-24, according to the Finance Minister, Nirmala Sitharaman, could be regarded as the “First Green Budget of India” aimed at achieving a goal of net-zero emission by 2070 under the Net Zero pledge (Mint 2023). Green budgeting is a relatively new approach in India, though aspects of it were mentioned in the union budget since 2017 (IGNOU, n.d). The primary goals were to encourage sustainable growth and lessen the nation's carbon footprint. Budget for 2018–19, with a focus on green projects to counteract growing air pollution levels in the nation's capital. With what was referred to as a "green budget" with many projects for promoting electric vehicles, lowering air pollution, and boosting afforestation, the center boosted the budgetary allocation for the Environment Ministry for the following fiscal year, 2019–20 (Ministry of Finance, n.d). Also allocating funds for pollution management initiatives like the National Clean Air Program (NCAP), which aims to create a pollution-free India. The following year, 2020-21, the budget allocation to pollution abatement and climate action plan further declares that states should be supported in developing and carrying out plans to ensure cleaner air in cities with populations greater than a million (The Economic Times, 2020). The Union Budget for 2021–22 then offers a structured plan to put our nation on the path of a green recovery following the Covid–19 pandemic (Ministry of Finance, 2021). The current budget of the Budget includes a long-term vision for environmental sustainability. It is distinguished by carefully considered investments in the reduction of air pollution, the provision of potable water, the preservation of deep-sea biodiversity, and the promotion of renewable energy. The fact that the environment is a key component of many of the Budget's pillars reflects these actions. The management of air pollution, waste, pollution control, and investment in the provision of drinkable water supplies are all included in the "Health and Wellness" pillar (Ministry of Finance, 2021). This creates a strong momentum for India to fulfill its obligations under the Paris Agreement.

One of the focuses of the Budget (2021-22) is to move towards using renewable energy to meet India's energy needs (PIB, 2021). With its sustained investments in non-fossil fuels, India may lead the way in the development of green power sources. This creates a strong momentum for India

to fulfill its obligations under the Paris Agreement. In order to improve our understanding of ocean depths, the government will launch the Deep Ocean Mission (The Hindu, 2021). This project will map concerns related to biodiversity and climate change, enable technology research for ocean exploration, and implement actions to safeguard species. The Government of India has now joined the green sovereign club and has a new way to finance its climate aims and green ambitions in the fiscal year 2022–2023 thanks to the introduction of the sovereign green bond (The Economic Times, 2022). The finance ministry has completed the formulation of a structure to issue internationally recognized sovereign global bonds. As part of the borrowing plan, the government aims to raise 16,000 crore rupees through the issuance of green bonds (Times of India, 2022). Even though they were late entrants into the global thematic bond market, sovereign green bonds are quickly becoming a crucial tool in the sustainable finance toolbox designed to assist governments in shifting funding on a large scale in line with their Paris and SDG commitments. One of the seven key priorities of the Union Budget 2023–24 is green growth, which aims to usher in the country's green industrial and economic transition as well as ecologically friendly agricultural and sustainable energy sources. The Green Hydrogen Mission, Energy Transition, Energy Storage Projects, Renewable Energy Evacuation, Green Credit Program, PM-PRANAM, GOBARdhan Scheme, Bhartiya Prakritik Kheti Bio-Input Resource Centres, MISHTI, Amrit Dharohar, Coastal Shipping, and Vehicle Replacement are just a few of the projects and initiatives included in the Union Budget 2023–24 (PIB, 2023).

The advancement of modern reforms and the identification of answers to present problems, it is intended to increase the impetus for green growth in the nation. The budget's green energy measures are crucial in making India a major player in the world's green energy market.

Future Trends

The green budget of India has a dynamic nature. The comprehensive strategy the government has used recently shows a firm commitment to tackling environmental issues while simultaneously fostering economic growth. The green budget has been essential in promoting a culture of sustainability in India, and to anticipate that it will continue to push the nation in the direction of a greener and more affluent future. Given the magnitude of the difficulties posed by climate change

and the need for ongoing attention and efforts, it is crucial to maintain support for and build upon the successes of the green budget.

Much is spoken about Environmental Sustainability—the causes and impacts of increasing environmental degradation and the need for approaches to address the issue. Reflecting upon the important role of a ‘Green Budget’ towards environmental sustainability, a proper implementation strategy needs to be developed. The practical ways of reducing the damage and bringing up effective policies in a holistic way need more discussion and much wider policy approaches.

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