

INTERVIEW | VAIBHAV CHOWDHARY MUMBAI

## A market for emissions, with incentives to cut pollution



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**Industries are co-participants in the first-ever trade in particulate matter in Gujarat, says associate director of Energy Policy Institute**

In June this year, Gujarat unveiled what is being called the country's first emissions trading scheme to encourage and incentivise industrial units to cut air pollution. Under the scheme, the government will put a cap on emissions and allow industries to buy and sell credits to maintain emissions below the cap. One of the government's partners is the Energy Policy Institute at the University of Chicago (EPIC). *The Hindu* spoke to its associate director (strategy and operations), Vaibhav Chowdhary, on the sidelines of a seminar on air pollution held in Mumbai recently. Excerpts:

### **Can you tell us about your work with various State governments, especially regarding their star rating programme for industries?**

At EPIC India, we co-generate research ideas with our partners, which in most cases are State governments. The star rating programme is a good example of the information disclosure and transparency initiative. In Maharashtra, together with MPCB (Maharashtra Pollution Control Board) and JPAL (Abdul Latif Jameel Poverty Action Lab), we have designed the star rating programme for heavily polluting industries. This programme was launched about two-and-a-half years ago. The star rating programme rates industries on the scale of 1-5 on the basis of their emissions; higher the rating, better the compliance, lesser the emission. With these ratings, multiple things could happen and we are in a process of evaluating them: like industries can be influenced by their peers' emission data and try to improvise, regulators can use this information to incentivise good performers, and locals can raise relevant questions looking at the pollution data from various industrial sources.

### **Could you tell us about the Emissions Trading Scheme (ETS) for Particulate Matter, for which you partnered with the Gujarat government?**

Globally, cap and trade programmes have been used to reduce other forms of pollution such as sulphur oxides and nitrogen oxides, but the Gujarat experiment is the first of its kind that aims to create markets for particulate matter, which is globally the single greatest threat to human life. In Surat, the Gujarat Pollution Control Board designed ETS with the help of researchers from EPIC India and JPAL. After multi-year ground work by teams around improving pollution data reliability and authenticity, the training period started on July 15, and the scheme officially comes into force on September 15. The main objective of the Surat ETS programme is to study whether markets could facilitate low abatement cost to mitigate pollution.



## **Who defines this cap? Is it an average?**

There is a technical committee of experts headed by the chairman of the Gujarat Pollution Control Board which designs the technical components of the programme, including the defining of the cap. Basically, this cap is decided based on the total mass of **air pollution** that can be released into the atmosphere during a certain fixed period by all industries taken together.

## **Do you have industrial associations on board?**

Yes, without active participation from the industries, this pilot could never take off. Industries in Gujarat are forward-looking and understand the value of such programmes. Through this programme, the less polluting industries can monetise their efforts, thereby be incentivised to reduce further.

## **Any plans to do this in Maharashtra?**

Yes, we are exploring scaling up opportunities in India.

## **You are launching the Air Quality Life Index (AQLI) in Hindi this year. What kind of benefits are you looking at for India?**

AQLI is a global tool published last year that links prolonged exposure to pollution with loss of life expectancy. This is now available for public consumption in English and Chinese. Pollution is a big issue in India and we believe tools like the AQLI will facilitate the political appetite for innovations in regulations. Moreover, the pollution situation is bad in the Indo Gangetic region of our country, which is basically the Hindi-speaking belt. With the launch of the Hindi version of AQLI, the idea is to spread knowledge and awareness to the extremely vulnerable people, in their areas and their language.



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