**FOR IMMEDIATE RELEASE:**

**Government of Punjab, J-PAL South Asia, and EPIC India launch an Emissions Trading Scheme to reduce industrial air pollution in the state**

*Punjab, India – June 5, 2021*: The Government of Punjab’s Department of Industry & Commerce and the Department of Science, Technology & Environment is partnering with the Abdul Latif Jameel Poverty Action Lab (J-PAL) South Asia and the Energy Policy Institute at the University of Chicago (EPIC India) to launch the use of an Emissions Trading Scheme (ETS) to tackle growing industrial air pollution in Punjab.

To reduce particulate and greenhouse gas (GHG) emissions in the state, the Government of Punjab and the Punjab Pollution Control Board (PPCB) will launch an ETS to regulate emissions from 200 dyeing industries in Ludhiana as a first step in this partnership.

ETS offers a market-based approach to reduce air pollution in which governments set a cap on emission levels and distribute emissions permits among firms. The approach uses continuous emissions monitoring systems (CEMS) to send real-time and continuous readings of particulate emissions and enable better and more targeted regulatory oversight standards.

A randomized evaluation conducted by J-PAL South Asia of the world’s first ever ETS for particulate matter across 350 highly polluting industries in Surat, Gujarat found evidence that the scheme offers a mechanism for improving air quality that is transparent and predictable. Moreover, it also has the potential to transform the trade-off between environmental regulation and economic growth by lowering compliance costs for firms.

The Government of Punjab will work with J-PAL South Asia and EPIC India to design and establish pollution markets in Punjab. The partnership includes providing technical assistance and capacity building to public officials to effectively use data and research evidence from Surat’s established and functioning emissions trading market.

Talking about the partnership, Shri Alok Shekhar, IAS Principal Secretary Industries & Commerce, said, “The Government of Punjab is keen to combat environmental pollution through regulation that promises a win-win situation of cleaner production, coupled with lower compliance costs for industries. ETS is one such initiative that can help regulate critically and severely polluted industrial belts in Punjab.”

Of the partnership, Professor Michael Greenstone, the Milton Friedman Distinguished Service Professor in Economics, Director of [EPIC](https://epic.uchicago.edu/) and Co-Chair of Energy, Environment and Climate Change at J-PAL added, "Pollution reductions can be delivered—the world's first ETS for particulate pollution in Gujarat has already shown this. Punjab is now becoming the second Indian state to adopt this pioneering vision. For various other Indian cities battling polluted air and expensive regulations, ETS has the potential to improve air quality and health, reduce the regulatory burden on industries, and decrease government enforcement expenditures."

This initiative is part of an ongoing partnership between the Government of Punjab and J-PAL South Asia, wherein since 2017 J-PAL South Asia has worked with state departments to facilitate rigorous, policy-relevant research and the scale-up of successful programs.

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Media contact: Mounika Bhukya

, Government of Punjab

**About EPIC India**

In 2014, the Energy Policy Institute at the University of Chicago launched EPIC India to help India tackle energy and environmental challenges head-on through cross-disciplinary, innovative research and partnerships with government, industry, research institutes and other stakeholders. EPICs work in India covers a broad range of areas including electricity and energy markets, energy modelling and the design of economically efficient regulatory mechanisms to reduce air and water pollution.

For more information, visit <https://epic.uchicago.in/>

**About J-PAL South Asia**

The Abdul Latif Jameel Poverty Action Lab (J-PAL) is a global research center working to reduce poverty by ensuring that policy is informed by scientific evidence. Anchored by a network of 225 affiliated professors at universities around the world, J-PAL conducts randomised impact evaluations to answer critical questions in the fight against poverty.

J-PAL was launched at the Massachusetts Institute of Technology in 2003 and has 7 regional offices around the world. J-PAL South Asia, hosted by the Institute for Financial Management and Research (IFMR), Chennai, and has built partnerships for the generation of new research and advancement of evidence-informed policymaking with 16 Indian state and central government ministries, as well as training partnerships with the governments of Nepal, Bhutan, Bangladesh, and Pakistan.

For more information, visit [povertyactionlab.org/south-asia](https://www.povertyactionlab.org/south-asia)

**Additional References:**

1. EPIC India.The Surat Emissions Trading Scheme: A First Look at the World’s First Particulate Trading Scheme. New Delhi, 2019. <https://epic.uchicago.in/wp-content/uploads/2019/10/ETS_INDIA_ResearchSummaryFinal-.pdf>