

Summary

India continues to heavily support fossil fuels through price support for consumers and state-owned enterprise (SOE) investments, mostly in oil and gas production.

BIGGEST RED FLAG → India continues to heavily support fossil fuels through price support for consumers and SOE investments in predominantly oil and gas production. There has also been a renewed push to boost domestic coal production.

PROGRESS → India has increased its public finance by 146%, mostly in fossil fuel-based power, and its SOE investment by 38%, mostly in oil and gas production. However, India has successfully cut down on consumer subsidies for petrol, diesel, and kerosene (Garg et al., 2020). Government support for fossil fuel consumption dropped by 3% relative to the 2014–2016 average.

UNACCOUNTED FOR PROGRESS → A production tax on coal has been raised three times from 2010 to 2016 and is now at INR 400 per tonne,

Overall ranking and score (out of 8 countries)

5th

C+

1. Transparency	1st / Good	\$44.6 billion total government support to fossil fuels, 2017–2019 average, USD (\$195 million direct transfers, \$23.9 billion induced transfers, \$2.1 billion public finance, \$18.5 billion SOE investment)
2. Pledges and commitments	2nd / Mediocre	
3. Scale of support for coal exploration, production, processing, and transportation	7th / Medium	\$1.5 billion of support to coal exploration, production, processing, and transportation
4. Scale of support for oil and gas exploration, production, refining, and transportation	3rd / Low	\$13.1 billion of support to oil and gas exploration, production, refining, and transportation
5. Scale of support for fossil fuel power	6th / High	\$7.6 billion of support to fossil fuel-based power
6. Scale of support for fossil fuel use	1st / Low	\$22.5 billion of support to fossil fuel use
7. Progress in ending support for fossil fuels	8th / Very poor	146% increase in public finance and 38% increase in SOE investment in fossil fuels relative to the 2014–2016 average

See Table 2 in the main report for score descriptions and their relationship to numerical scores. Estimates in the table are in USD (\$) and are annual averages based on the following sources:

- For direct transfers and tax expenditure: OECD (2020) data, 2017–2019 averages
- For induced transfers: International Energy Agency (2020) data, 2017–2019 averages
- For public finance: Oil Change International data collected from several sources, 2017–2018 averages
- For SOE investment: capex data collected by Overseas Development Institute (2020) from annual reports, 2017–2019 averages

equivalent to USD 5 per tCO₂e (International Institute for Sustainable Development [IISD], 2018).

MAIN UNACCOUNTED FOR AND UNQUANTIFIED SUPPORT → India's power distribution utilities are severely distressed and have been the beneficiaries of large bailouts and conditional loans (Singh, 2020). The latest bailout was explicitly intended for distribution utilities to pay their contracted (coal-powered) generators (Singh, 2020). There is also a significant number of unaccounted for electricity subsidies for residential and agricultural users, in part paid by government transfers, in part by cross-subsidies from commercial and industrial consumers, and in part as utility losses. These policies play an important role in ensuring energy access, but evidence suggests that their targeting could be significantly improved (Sharma et al., 2019). The Goods and Services Tax rate is significantly lower on coal than on other minerals, lowering the cost of coal use in power production (Garg et al., 2020).

COVID-19 GOVERNMENT SUPPORT → Coal India Limited, India's large coal SOE, is investing USD 6.75 billion in coal transportation infrastructure to increase domestic production and curtail coal imports (IISD et al., 2020).

TRANSPARENCY & PEER REVIEWS → India committed to performing the G20 OECD fossil fuel subsidy peer review with France in 2019 (OECD, 2019).

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