

Effect of Cap and Trade Policies for Carbon Emission Reduction on Delhi Households

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Abstract : This paper aims to take into account carbon tax or cap-and-trade legislation to manage Delhi carbon emissions after a post-Kyoto treaty. This report estimated the influence of the carbon taxes or rebate/compensation cost at the household level. Here, the three possible scenarios will help to comprehend the difference between a straightforward compensation/rebate, and two clearly denoting progressive formula. The straightforward compensation is basically minimizing the regressive applications that will bears on cost. On the other hand, both the progressive formula will generate extra revenue, which will help for feasibility of more efficient, vehicles, appliances and buildings in the low-income household. For the hypothetical case of carbon price \$40/tonne, low-income household for both urban and rural region could experience price burden up to 5% and 9% on their income as compared to 3% and 7% for high-income household respectively. The survey report also shown that carbon emission due low-income household are primarily by the substantive requirement like housing and transportation whereas almost 40% emission due to high-income household are by luxurious and non-essential items. The equal distribution of revenue cum incentives will not completely overcome high-income household's investment in inessential items. However, it will merely help in investing their income in energy efficient and less carbon intensive items. Therefore, the rebate distribution on per capita basis instead on per households will benefit more especially large families at low-income group.

Keywords : household emission, carbon credit, carbon intensity, green house gas emission, carbon generation based insentives

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