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## India's "First" Emissions Trading System for Particulate Pollution (PM)

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Gujarat Pollution Control Board (GPCB) has initiated the programme for market based trading system to reduce air pollution in Surat, Gujarat .

- It's a market based system where the government sets a emission limit and allows industries to buy and sell permits to stay below the emission cap.
- The emission trading scheme (ETS), was designed by Gujarat Pollution Control Board (GPCB) along with the team of researchers from the Energy Policy Institute at the University of Chicago (EPIC), the Economic Growth Center at Yale University and others from the Abdul Latif Jameel Poverty Action Lab (J-PAL).
- Globally, cap and trade systems have been used to reduce other forms of pollution, such as programmes that have successfully reduced sulphur dioxide (SO<sub>2</sub>) and nitrogen oxides (NO<sub>x</sub>) in the United States. But the Gujarat programme is the first in the world to regulate particulate air pollution.

### Emission Cap and Trade System

- Under this, the regulator first defines the total mass of pollution that can be put into the air over a defined period by all factories put together.
- Then, a set of permits is created, each of which allows a certain amount of pollution, and the total is equal to the cap.
- These permits are the quantity that is bought and sold.
- Each factory is allocated a share of these permits (this could be equal or based on size or some other rule).
- After this, plants can trade permits with each other, just like any other commodity on the National Commodity and Derivatives Exchange Limited (NCDEX).
- Whatever the final allocation, the total number of permits does not change so the total pollution is still equal to the predefined cap.