Environment & Ecology · GS - III

“Phasing out inefficient fossil fuel subsidies and redirecting public investment towards renewable energy are important steps towards sustainable development.” Discuss the environmental and economic implications of fossil fuel subsidy reforms in India.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 16/10/2026	GS - III	Environment & Ecology

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Fossil fuel subsidies, climate change, greenhouse gas emissions, carbon-intensive development, renewable energy, fiscal burden, energy security, energy affordability, social equity, targeted subsidies, just transition, green finance, sustainable development.

Model Answer

Introduction

Fossil fuel subsidies are government measures that reduce the cost of coal, petroleum and natural gas for producers or consumers. While they may support energy affordability, poorly designed subsidies can undermine climate objectives.

Environmental and Economic Implications

1. Environmental Impact: Subsidies that encourage fossil fuel consumption can increase greenhouse gas emissions, air pollution and dependence on carbon-intensive energy.

2. Economic Impact: Such subsidies may impose a fiscal burden and divert public resources from renewable energy, energy efficiency and clean technologies.

3. Social Concerns: Abrupt subsidy removal can raise energy and transportation costs, disproportionately affecting low-income households.

Way Forward

India should phase out inefficient fossil fuel subsidies gradually, while protecting vulnerable groups through targeted assistance. Savings can support solar and wind power, public transport, energy storage and green infrastructure. Policy reforms should also encourage clean-technology innovation and create alternative employment opportunities for affected workers.

Conclusion

A carefully managed subsidy reform can balance climate commitments, fiscal sustainability and social equity, advancing India’s transition towards affordable and cleaner energy.

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