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Carbon Tax and Climate Litigation in India: Judicial Review under Article 21

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ABSTRACT

Climate change represents a structural threat to India's constitutional guarantee of life, health, and dignity under Article 21 of the Constitution of India. This article seeks to explore the role of carbon taxation in India's constitutional framework of addressing climate change and reviews how Indian courts might evaluate a carbon taxation framework in India under Article 21 of the Constitution of India. The article begins with an overview of the emergence of carbon taxation globally, starting with Finland's pioneering carbon taxation legislation in 1990, and places India's Clean Energy Cess on coal in the broader context of quasi-carbon taxation that internalized, to some extent, environmental costs of fossil fuels. The article tracks this process of Indian courts developing environmental and climate law under Article 21, including the emergence of the right to clean environment, polluter pays and precautionary principles, intergenerational equity, and public trust doctrine. The article examines this in the context of significant cases such as Vellore Citizens' Welfare Forum v. Union of India and subsequent cases to illustrate this in terms of their alignment with India's international obligations to underpin strong carbon pricing with a clear carbon tax. The article then examines new forms of climate litigation in India, including petitions such as Ridhima Pandey v. Union of India, in which youth assert that inaction on climate change breaches their right to intergenerational justice and clean environment. The article also finally examines the scope for the Indian courts to adjudicate the carbon tax, based on parameters such as arbitrariness, proportionality, and federal competence, with reference to landmark judgments in Canada's Reference Re Greenhouse Gas Pollution Pricing Act and Germany's Neubauer judgment. The overall conclusion is that the carbon tax is likely to be upheld, not as violating Article 21, but as being constitutionally mandated as an imperative measure to safeguard life, health, and the environment in the age of climate change.

I. INTRODUCTION

Climate change magnifies existing environmental crises in India—air pollution, water stress, extreme weather, and ecosystem degradation—transforming them from sectoral policy

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problems into direct threats to the constitutional guarantee of life and personal liberty under Article 21. Rising temperatures, heatwaves, erratic monsoons, glacial retreat, and sea-level rise now implicate basic dimensions of life such as health, shelter, food security, and livelihood, especially for already vulnerable communities. In this context, constitutional discourse can no longer treat climate change as a diffuse policy concern; it must be understood as a rights issue at the heart of Article 21.

Indian environmental jurisprudence has already expanded the scope of Article 21 to encompass the right to a clean and healthy environment, which includes the principles of sustainable development, precaution, and polluter pays as an integral part of the land. In this context, the real question is not whether the State can regulate greenhouse gas emissions, but whether the State is constitutionally obliged to do so with sufficient scope and coherence. Of the various policy options, carbon taxation stands out as an obvious but powerful means of internalizing the social cost of carbon, aligning incentives, and providing support for the transition and adaptation process.

This Article argues that a well-crafted carbon tax is consistent with Article 21, in fact, supports it, as long as we are concerned about distributional justice, federal balance, and due process. The article is organized into six parts:

Part I: An explanation of what a carbon tax is, its evolution around the globe, and its adoption in Finland and its spread around the world.

Part II: An examination of the actual carbon fiscal policies adopted in India, particularly with reference to the Clean Energy Cess on coal, and its place in the overall framework of climate and energy policies in India.

Part III: An exploration of the development of environmental and climate change law under Article 21, and identifying the legal tools most applicable in assessing carbon taxation.

Part IV: An examination of the rise of climate change litigation in India, particularly by young people, and its implications on re-characterizing State duties in climate change as rights.

Part V: An informed forecast on the probable assessment of a carbon tax in India under Article 21, and other provisions such as Article 14 and 19, and the apportionment of taxing powers between State and Center.

Part VI: Lessons from Canada and Germany to add more depth and breadth to the discussion in India.

II. CONCEPT AND EVOLUTION OF THE CARBON TAX

A carbon tax is an environmental tax, also known as a Pigouvian tax, levied on fuels or the greenhouse gas emissions from the use of fuels. It is normally levied in amounts corresponding to the content of fuels or the emissions from the fuels, in line with the social costs of climate change and local pollution. The intention of the tax is to factor in the external costs of pollution in the markets and encourage producers and users of fuels to adopt environmentally friendly technologies and practices without specifying the exact methods of compliance with the tax requirements. The economic literature considers the price approach of the carbon tax as the most cost-effective method of curbing greenhouse gas emissions.

These carbon pricing systems can take different forms; some apply the same rate to everyone, while others apply different rates for different types of fuel or use. The higher the rate, the higher the rate for carbon-intensive fuels such as coal, while the rate for cleaner fuels such as natural gas or oil may be lower or even zero as they compete for the same customers. The rate can start off low and increase over time, providing a consistent signal for decarbonization while phasing in the impact on the economy. The way the money from the carbon tax is spent makes a big difference; it can go back to people as a rebate, or it can go into clean energy or climate adaptation projects.

In the case of developing economies, this is particularly important. If taxes are set too high and no relief measures are put in place, this could lead to 'energy poverty' and small businesses could suffer. However, with carefully planned taxation systems that focus on providing relief to those in need and investing in clean technology, it is possible to balance economic growth with environmental protection. This is precisely what is at stake in the Indian constitutional debate under Article 21 and Articles 14 and 19.

Origins of the Carbon Tax: Finland and Beyond

²Finland is commonly referred to as the "pioneer" of carbon tax policies implemented across the globe. It introduced its carbon tax policy in 1990, and it was set at a low level per ton of CO₂. The level of carbon tax was related to the amount of carbon present in fossil fuels. Over time, this carbon tax policy was updated, and the carbon and energy taxes were combined. The level of carbon tax was raised, and exemptions from carbon tax were made for certain types of fuel, such as peat and natural gas.

This Finnish example demonstrated the potential of a relatively small, prosperous economy to

² 'The CO₂ Tax' (Until We Act – Finnish Climate Collaboration, undated) <<https://untilweact.fi/articles/the-co2-tax/>> accessed 18 February 2026.

build in its climate change concerns into its budget process, using its energy taxes to guide its society away from carbon-intensive energy sources and towards cleaner, more efficient, and less carbon-intensive alternatives. Following the Finnish example, Sweden and Norway implemented their own carbon taxes in the early 1990s, and many other European countries have since implemented their own carbon or energy-related taxes, as well as emissions trading systems. While the details vary, the early movers have set the stage for carbon taxation as an accepted mainstream policy option, rather than simply as an intellectual concept.

India is one of the largest developing nations with its own set of development and energy challenges. It has not levied any comprehensive carbon tax on all the fossil fuels, but as explained in Part II of the paper, the Clean Energy Cess levied on coal in India is akin to the “carbon tax” levied in other nations, in the sense that it is used for “clean energy” in the country.

III. DESIGN FEATURES AND VARIANTS OF CARBON TAXES

Three aspects of carbon tax design are frequently connected: the tax base, the rate structure, and the use of revenues. The tax base can be upstream, targeting fuel producers or importers, or it can be downstream, targeting electricity generators or consumers. Many countries choose the upstream approach because it imposes the tax on relatively few entities while capturing most of the country’s emissions.

There are several ways to design carbon pricing schemes, which can either be uniform at all levels or differentiated by fuel, sectors, or uses of goods. Generally, dirtier fuels tend to have higher carbon pricing, while cleaner fuels are given lower carbon pricing to give them an easier chance to compete. The carbon pricing starts at a low level and gradually increases over time, providing an unambiguous signal to decarbonize while not wanting to surprise people with an abrupt increase. How to use the money collected by carbon pricing is an important question, which can either go back to people in the form of rebates, can be used to cut other distortionary taxes, or can go to clean energy and adaptation to climate change. The specifics of these uses can have important implications for efficiency and equity in the distribution of costs and benefits.

For developing countries, getting the calibration correct is essential. For instance, while carbon taxes may be high, they can worsen energy poverty, especially for small businesses. However, through recycling, it is possible to advance development while promoting equity at the same time. This balancing act is at the core of constitutional issues in India, particularly under Articles 21, 14, and 19.

IV. CARBON-RELATED FISCAL INSTRUMENTS IN INDIA

India has not enacted any law Statue titled 'Carbon Tax Act,' it has introduced several fiscal measures which can be regarded as carbon-related taxes. The most notable one is the Clean Energy Cess (later renamed Clean Environment Cess) on coal, lignite, and peat. This measure was introduced through the Finance Act of 2010, which came into effect on July 1, 2010. This Cess was levied on coal, both domestic and imported, at the rate of ₹100 per ton as an excise duty for the sole purpose of funding clean energy through the National Clean Energy Fund.

Over time, the budget continued to nudge the Cess rate higher and higher. The rate moved from 200 to 400 rupees per ton. This move also provided a clearer financial signal against the use of coal. The funding for clean energy and environment projects continued to rise. The fact that the Cess targets coal and coal by-products means it is not as general as a carbon tax that targets all fossil fuels. However, it is described in policy literature and by the Indian government as a carbon tax-style measure for the country. It is described as one that follows the polluter pays principle and makes coal users pay for clean-up and to develop clean energy.

The GST, which was introduced in July 2017, replaced the Clean Energy Cess and introduced a GST Compensation Cess on coal at a rate of ₹400 per ton. The primary objective was to compensate for the loss of revenues to the states on account of the GST rollout. This kept coal in a state of heavy taxation but broke the link to clean energy funding. In other words, there was no longer a clear mandate for the use of the revenues. However, the fact is that India taxes coal more than anywhere else in the world. If you add the excise duties and Cess on oil products, you have a fragmented carbon pricing structure.

Other Market-Based Climate Instruments in India

Apart from the coal-specific instruments, other measures include the use of the "Perform, Achieve and Trade" (PAT) scheme for energy-intensive industries, Renewable Purchase Obligations (RPOs) for electricity distribution companies, and Renewable Energy Certificates (RECs) for the promotion of clean energy. These measures effectively put a price on energy savings and renewable electricity, in addition to the possibility of an explicit carbon tax.

In more recent times, discussions on policy have included the idea of a prospective Indian carbon market. In this regard, large emitters would participate in emissions trading, with scope for linking up with international carbon markets in the long run. If an explicit carbon tax is to be introduced, it must be aligned with these trading mechanisms to avoid overlapping compliance obligations. As discussed, the constitutional analysis presented in this article takes an implicit view that an eventual carbon tax would form part of an overarching set of mechanisms, rather

than an isolated policy intervention.

V. ENVIRONMENTAL RIGHTS AND ARTICLE 21 IN INDIAN JURISPRUDENCE

The Supreme Court has expanded Article 21 of the Constitution—from its limited protection against arbitrary deprivation of life or personal liberty to its broad protection of a life of dignity and decency. This has been critical in shaping environmental rights in India. Beginning with decisions on air and water pollution, and damage to forests, the Court has consistently held that the right to life includes the right to live in a pollution-free environment.

In the *Vellore Citizens' Welfare Forum v Union of India* case, the Supreme Court of India dealt with the critical water pollution problem arising out of tanneries in Tamil Nadu and recognized the right to a clean environment under Article 21 of the Constitution of India. It adopted the polluter-pays principle and the precautionary principle as the fundamental features of Indian environmental law and not merely as guidelines. The Supreme Court of India used international environmental law and Articles 48-A and 51-A(g) of the Constitution of India while dealing with these two principles. Later decisions, such as those that emanate from the *M.C. Mehta* line and recent decisions on climate change such as *M.K. Ranjitsinh v Union of India*, have recognized that protecting the environment is vital to the right to life and that the State must ensure that damage to the environment is prevented.

This ruling establishes one of the key principles for a carbon tax: if a healthy and stable environment is a part of the right to life, and greenhouse gas emissions seriously threaten that environment, then the State not only has the right but also the duty to use effective instruments to curb climate change and its effects. Therefore, if a carbon tax is predicated on the principle of polluter pays and intergenerational fairness, it is consistent with Article 21 and not against it.

Doctrinal Principles: Polluter-Pays, Precaution, and Inter-Generational Equity

The principle of "polluter pays," which was established in the *Vellore Citizens' Welfare Forum*³ case and later repeated in other cases, holds that "the party causing environmental degradation must pay for measures to prevent, control, and remedy environmental degradation, rather than passing on these costs to everyone else." In other words, "polluter pays" is not just about making someone pay for what they did, but also about pricing mechanisms, which increase the cost of activities that harm the environment. A carbon tax is an obvious, simple mechanism to actually put "polluter pays" into practice by taxing emitters according to their carbon intensity, using that money to address environmental degradation and social problems.

³³ *Vellore Citizens' Welfare Forum v Union of India* (1996) 5 SCC647 (SC)

The precautionary principle, like that raised in Vellore, holds that if environmental risks are serious enough or irreversible enough, you shouldn't delay taking affordable measures to prevent them just because you're not sure enough. With risks to the climate well-documented, this principle suggests that we should be taking strong measures to address global warming today—things like putting a price on carbon—despite being unsure of all the ways in which it impacts us. The concept of intergenerational equity, like that raised in numerous decisions regarding forests and rivers and reiterated in recent decisions regarding climate change, holds that today's generations should use natural resources in such a way that they do not overburden future generations with risk and cleanup.

Collectively, these concepts not only advocate for, but also necessitate, the implementation of mitigation strategies. As such, the carbon tax, which gradually increases the cost of carbon-intensive practices and directs the revenue to support adaptation and an equitable transition, can be justified as an equitable balance of polluter-pays, precaution, and intergenerational justice principles. From the opposite perspective, the absence of such strategies can be justified as a breach of the constitution under Article 21.

Public Trust Doctrine and Climate Duties of the State

The public trust doctrine, which was developed in Indian law regarding rivers, forests, and city commons, puts the state in the position of trustee of certain natural resources for the benefit of the current and future inhabitants of the world. The State may not abandon, transfer, or utilize these resources in a manner that is detrimental to the public interest. While much of the case law addresses specific resources such as rivers and parks, the logic is easily extended to the atmosphere and climate in general.

If we consider the State as the protector of the atmosphere and the natural foundation of life, then releasing greenhouse gases in such amounts that they can tilt the climate is akin to betrayal of trust. A similar legal argument can be used here, as the German Federal Constitutional Court in the Neubauer ruling used Article 20a of the German Basic Law, which requires the State to safeguard the natural foundations of life and share the burdens of climate change among generations, in order to justify the need for the State to protect the climate through the pricing of carbon.

In the Indian context, when the doctrine of public trust is read along with Article 21 and the directive principles, carbon taxation does not merely become a revenue-raising measure; it becomes part of the state's non-discretionary obligation to preserve the environmental commons.

Earlier Indian environmental PILs focused on issues of localized pollution and resource disputes. However, new petitions increasingly use broad systemic concerns of climate change. They use fundamental rights-based arguments. One such example is *Ridhima Pandey v. Union of India*, in which a nine-year-old petitioner approached the National Green Tribunal, arguing that⁴ India's inadequate actions to protect the climate breached the public trust doctrine, the Environment (Protection) Act 1986, and the implied rights of children and future generations to live in a healthy environment.

The petition framed climate change as an integral part of the “environment” in the 1986 Act, relying on sustainable development, precaution, and intergenerational justice principles. The petition also drew upon international climate litigation cases to support its claims. Although the NGT rejected the petition on the basis that climate issues were being dealt with through current policies, the ruling is an indication of the growing concern about climate injustices and provides a conceptual framework for future climate litigation cases that will advocate for stronger measures.

The youth-led petitions and civil society movements on issues of climate change regarding air quality, melting of glaciers in the Himalayas, and coastal resilience are claiming that the failure of the state to act or to enforce environmental regulations is a violation of Article 21 and Article 48-A. The emergence of this trend suggests that once a carbon tax or a broader carbon pricing mechanism is established, challenges to it will extend to issues of exemption, rate structures, and use of revenues as a violation of constitutional obligations on climate change.

Climate Change as a Facet of Article 21

The intersection of environmental jurisprudence and emerging climate change litigation suggests that there may be an implied acceptance of the concept of 'climate stability' or 'safe climate system' within the realm of Article 21, although not necessarily using these exact words. The extreme effects of climate change, such as death from heatwaves, crop destruction, and displacement of people, have a direct impact on the⁵ right to life, health, housing, and livelihoods. As global and national scientific studies begin to put numbers to these impacts, it is likely that States' actions on climate change will be seen to fall squarely within the realm of fundamental human rights.

The strength of comparative practice persists. In *Neubauer*, the German Federal Constitutional

⁴ *Ridhima Pandey v Union of India* (2021) 15 SCC 651 (SC)

⁵ *Vellore Citizens' Welfare Forum* (n 1); *M C Mehta v Union of India* (Taj Trapezium Case) (1997) 2 SCC 353 (SC)

Court held that unspecified targets for greenhouse gas reduction measures beyond 2030 could place an unbearable burden on future generations, thereby violating their fundamental rights. Similarly, in Reference ⁶re Greenhouse Gas Pollution Pricing Act, the Canadian Supreme Court emphasized the fact that climate change is of national concern, which necessitated the imposition of carbon pricing as a step to ensure the environment and the welfare of the people.

Indian courts, with their long-standing willingness to creatively develop Article 21, are well placed to follow a similar path. Once climate change is accepted as a rights issue rather than a purely policy issue, fiscal instruments like carbon taxes become not only permissible but potentially indispensable components of the State's rights-protecting obligations.

VI. JUDICIAL REVIEW OF TAX AND ECONOMIC POLICY: GENERAL PRINCIPLES

The Indian judiciary has traditionally shown deference to the legislative branch in economic and taxation policies, intervening only when the policies have been obviously arbitrary, discriminatory, confiscatory, or beyond legislative power. Article 265 provides that “no tax shall be levied without the authority of law,” and Articles 14 and 19 provide the basis for challenging taxation policies that have been irrationally discriminatory or have unreasonably restricted trade and occupation.

The case law on classification of taxes reveals that there is considerable discretion given to the legislature to determine the tax base and rates, provided there is a clear distinction and rationality to what is being taxed. The courts will not interfere with the rates fixed by the legislature unless there is a huge disparity or an abuse of power. The above principles will be applied to determine the Indian carbon tax that has been proposed, with additional insights into new perspectives of proportionality and substantive due process under Article 21.

In climate policy, the principle of fiscal policy must be balanced against the emerging awareness of rights-based harms to the environment. The courts will have to adjust the level of scrutiny of such policies while being faithful to legislative intent without allowing climate taxes to exacerbate existing inequalities or undermine the minimum conditions of human dignity for certain communities.

Article 21 and Dual Roles of Carbon Tax: Justification and Potential Infringement

It is likely that Article 21 will come into play in any discussion of carbon taxes in two ways. One way is that petitioners could use Article 21 to claim that an excessive carbon tax infringes upon their right to life in an indirect manner by making necessities such as food, transportation,

⁶ Reference re Greenhouse Gas Pollution Pricing Act [2021] 1 SCR 401 (SCC).

and power so expensive that the poor cannot afford them. The State could use Article 21 in defense of an excessive carbon tax in that such taxes are needed to protect life and the environment in an existential manner.

These conflicting considerations create a kind of balancing act for the courts. The carbon tax clearly serves a legitimate goal—mitigating climate change and the environmental damages it can cause—and it is reasonably related to the goal, passing the initial stages of proportionality. The harder work will come at the necessity and balancing stages: Are there equally effective measures that impose fewer burdens, such as regulations or subsidies, and do the long-run welfare benefits of the tax outweigh the short-run detriments to disadvantaged groups? The outcome will likely turn on the specifics of the tax, such as the different rates and the use of the revenue.

Equality, Non-Arbitrariness, and Distributional Design

Article 14 stipulates that “any classification related to carbon tax, including differentiated tax rates for fuels, sectors, or user groups, must rest on a logical link to emissions reduction and climate justice. For instance, while carbon tax may increase costs for small businesses or low-income households through higher fuel and power bills, broad exemptions or rebates for large, high-emitting industries with no logical justification could also be seen by courts as unfair discrimination.”

On the other hand, if we advocate for progressive differentiation in the sense of low or zero charges on the essential energy people need for subsistence, and higher charges on the luxury end of the spectrum of carbon use, such as high-end private cars, private jets, etc., that type of tax would represent the essence of equality and fair distribution.

If we look at the way other nations have designed their systems of dealing with carbon taxes, we see that many have systems of lump sum rebates or other support for vulnerable groups. This tells us that we can have the environmental goals intact and also have the ability to meet the issue of equity in the design of the tax and the use of the funds. The Indian judiciary is likely to look favorably upon such features of the design of the carbon tax in their assessment of the constitutionality of the tax under Articles 14 and 21.

Federalism, Legislative Competence, and GST Constraints

A national Indian carbon tax will need to navigate the constitutional landscape of central-state taxation of what and how in the wake of GST. The central government has several ways to design a carbon tax: (a) As a non-GST excise duty or Cessa on some of the fossil fuels under Union List powers; (b) As a tax that draws upon residual powers under Article 248 of the

Constitution; (c) As a GST-like tax that has been proposed by the GST Council to be included in the GST framework. Each of them raises several issues of who to distribute it to, with what fiscal freedom to states, and any possible conflict with GST legislation.

VII. COMPARATIVE LESSONS: CANADA AND GERMANY

Two threads of comparative climate law are highly relevant to India's pending carbon tax, particularly with regard to how it will be reviewed by courts. One line of cases begins with Canada, where the Supreme Court's decision in *Reference re Greenhouse Gas Pollution Pricing Act* not only upheld Canada's national carbon pricing regime, but also emphasized it as an important tool for meeting Canada's Paris Agreement targets, while at the same time protecting Canadians from harm caused by climate change. The Court viewed pricing strategies, including fuel pricing and "output pricing" of industries, as sensible, efficient, and constitutional solutions to address a national concern.

Second, in Germany, in the ⁷Neubauer ruling of the Federal Constitutional Court, parts of the Federal Climate Protection Act were deemed unconstitutional since they did not specify sufficiently how emissions reductions would be achieved after 2030. The court stated that this placed an unfair burden on future generations since it concentrated efforts into a small window of time. This is in accordance with Article 20a of the German Constitution, which calls upon the state to protect the natural foundations of life and to take into account issues of fairness between generations in addressing climate policy.

Taken as a whole, these decisions indicate that the highest courts in other constitutional democracies are willing to support serious carbon pricing initiatives while at the same time striking unwell-designed or unfair approaches to addressing the climate crisis. What does this mean for India? This further reinforces the notion that a well-designed carbon tax is likely to be seen as a constitutional imperative, rather than a questionable move, so long as fairness, transparency, and proper center-state balance are maintained.

Revenue Use, Transparency, and Procedural Fairness

The question of whether a carbon tax can survive constitutional challenges under Article 21 will not only depend on the level of the tax or its scope, but also on what is done with the money. If the money just disappears into the black hole of general revenue, it is easy to argue that what we really have is a backdoor attempt to raise money, rather than an honest application of the principle of paying for pollution.

⁷ Neubauer and others v Germany (Federal Constitutional Court, 1 BvR 2656/18, 24 March 2021).

Moreover, if the legislation establishes a specific climate change fund with parliamentary oversight and public reporting requirements, with a specific percentage of funding to be dedicated to renewable energy, adaptation measures, and low-income support, the State would be able to make a stronger claim that this taxation is in service of environmental protection and social justice under Article 21. The addition of process requirements such as impact assessments, public consultation, and periodic reviews of taxation rates and allocations would also increase the rationality of this taxation policy in the eyes of the court, making it less likely to be challenged under constitutional grounds.

Indian jurisprudence has increasingly acknowledged the procedural elements of Article 21, including the right to information and the right to be heard in matters related to the environment. Incorporating these procedural elements into the process of designing the carbon tax, in an open and consultative process, with clear and transparent reporting, is in line with the emerging concept of “climate democracy.”

VIII. PROSPECTS AND LIMITS OF JUDICIAL INTERVENTION

Once a carbon tax is established, litigation is likely to arise on three broad grounds: first, on the validity of the tax itself on grounds that it is ultra vires, arbitrary, and violative of rights; second, on issues of exemption and unequal treatment or that it does not go far enough on grounds that it is too low or regressive to comply with Article 21 obligations; and lastly, on issues of implementation and allocation of revenues.

Given the history of the Supreme Court’s environmental protection leanings, combined with its wariness of economic disruption, it’s likely that the court’s position would be one of ‘green deference.’ That is, it would be inclined to support bold and well-reasoned climate change policies like carbon taxes, but would insist on equity, transparency, and legal justification. It’s unlikely to nit-pick every rate schedule and budget formula, but would step in if a policy is manifestly regressive or if the state can’t explain obvious discrepancies from climate goals.

The courts will nonetheless keep in mind the boundaries established by the institutions and democracy. The actual work of developing the rules for carbon pricing will primarily fall on the shoulders of the legislature. Excessive judicial intervention would create confusion about the separation of powers. The Indian courts will need to balance the enforcement of the constitutional climate duties and rights while avoiding the primary responsibility of the legislature.

IX. CONCLUSION

India is at a crossroads in terms of its constitutional commitment to climate action. On the one hand, the country's environmental jurisprudence under Article 21, with the support of the "polluter pays" principle, precaution, intergenerational equity, and the public trust doctrine, provides a sound normative foundation for bold climate action, including the notion of carbon taxation. On the other hand, the huge development challenges, energy poverty, and uneven regional development suggest that any untimely or ill-designed carbon taxation could have undesirable consequences for the lives of people and further exacerbate the problem of inequity in Indian society.

This Article argues that a well-thought-out carbon tax, incorporated into the Indian climate policies, with federalism in mind and fair for everyone, can become a constitutionally sound solution for the protection of life and the environment in the age of climate change. The "takeaways" from Finland's pioneering carbon tax, India's Clean Energy Cess, the petitions of the young climate activists, and the rulings from other jurisdictions in Canada and Germany, among others, all seem to say the same thing: when climate disruption is threatening the very conditions of living with dignity, the need for constitutionally grounded carbon pricing is no longer a luxury but a necessity.

If Parliament enacts a carbon tax which clearly articulates its climate objectives, remains faithful to the polluter-pays principle and intergenerational justice, protects vulnerable groups through differential rates and revenue use, and complies with India's federal fiscal architecture, it is likely that the courts would see it as a legitimate and indeed necessary measure in discharging the State's positive obligations under Article 21. The real constitutional issue is not whether India can tax carbon, but whether it can afford not to.

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