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Q23

Consider the following statements: Statement-I: Carbon markets are likely to be one of the most widespread tools in the fight against climate change. Statement-II: Carbon markets transfer resources from the private sector to the State. Which one of the following is correct in respect of the above statements? (a) Both Statement-I and Statement-II are correct and Statement- II is the correct explanation for Statement-I (b) Both Statement-I and Statement-II are correct and Statement- II is not the correct explanation for Statement-I (c) Statement-I is correct but Statement- II is incorrect (d) Statement-I is incorrect but Statement-II is correct. Official key: B.

UPSC Civil Services Prelims 2023 · General Studies · 2 marks · Environment and Ecology

Environment, ecology, climate, biodiversity - Prelims GS Paper I.

Explanation

(a)

Both correct and II explains I. Markets are widespread; resource transfer to the State is not the reason they spread.

(b) Official key

Both correct but II does not explain I. Carbon markets are a main climate tool; they can move money from firms to government, but that is not why they are widespread.

(c)

I correct, II incorrect. Compliance markets do involve the State.

(d)

I incorrect, II correct. **Article 6** / **ETS** markets are central to climate policy.

Summary

Official key is (b). Carbon markets (**ETS**, offsets, **Article 6**) are among the most used climate instruments. They can transfer resources from private emitters to the State (allowance auctions, taxes as cousins). That fiscal fact does not explain their spread - mitigation efficiency does - so II does not explain I.

Related possible facts

These can be asked in a future Prelims paper.

ETS

Emissions Trading System; EU ETS is the largest.

Article 6

Paris Agreement cooperative approaches, including carbon markets.

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