

GOVERNMENT OF INDIA
MINISTRY OF ENVIRONMENT, FOREST AND CLIMATE CHANGE

RAJYA SABHA
UNSTARRED QUESTION NO. 857
TO BE ANSWERED ON 27.07.2023

Carbon Trading in India

857. SHRI JAYANT CHAUDHARY

Will the Minister of ENVIRONMENT, FOREST AND CLIMATE CHANGE be pleased to state:

- (a) whether Government had allowed the domestic industries, companies, organizations and individuals to trade in carbon credits and in particular also to sell carbon credits in international markets, if so, the details thereof; and
- (b) whether selling of carbon credit to foreign market will impact Indian commitment towards Nationally Determined Contributions (NDC), as agreed in the Paris Climate Change Meet of 2015?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF ENVIRONMENT, FOREST AND CLIMATE CHANGE
(SHRI ASHWINI KUMAR CHOUBEY)

- (a) and (b) Ministry of Power has notified the Carbon Credit Trading Scheme (CCTS) on 28.06.2023 which provides the framework for the functioning of Indian Carbon Market. CCTS provides for the trading of carbon credits among obligated entities in the domestic market. Obligated entities are the registered entities that are notified under the compliance mechanism.

Article 6 of the Paris Agreement provides for trading of carbon credits in international markets. Trading of carbon credits from projects/activities in international market shall take place only after the approval of the National Designated Authority for the Implementation of Article 6 of Paris Agreement (NDAIAPA). NDAIAPA has been notified on 30.05.2022 and is mandated *inter-alia* to take decisions in regard to the type of projects that may take part in international carbon market under Article 6 mechanisms.

NDAIAPA has approved the list of 13 activities under Article 6.2 mechanism which can be considered for trading of carbon credits under bilateral/cooperative approaches. These activities will facilitate adoption of emerging technologies that are cost intensive and require viability gap funding.

Trading of carbon credits from these 13 activities can happen between two countries. NDAIAPA after taking into account the activity with respect to fulfilment of NDC targets, will approve the sharing of carbon credits under Article 6.2 under bilateral/cooperative approaches which can be accounted for against NDCs of countries.

Article 6.4 mechanism provides for trading of carbon credits by projects in international carbon market. A country may identify the list of activities that may be allowed for such trading. The methodologies and processes of the international carbon market under Article 6.4 are under the mandate of UNFCCC.
