

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE

**LOK SABHA**  
**UNSTARRED QUESTION NO 18**  
TO BE ANSWERED ON 3<sup>RD</sup> February 2025

**IMPACT OF INDIA OPPOSING EU'S CBAM**

18. Thiru Dayanidhi Maran

Will the Minister of FINANCE

be pleased to state:

- (a) whether there has been any inter-ministerial discussion or consultation on the potential trade impact of India opposing EU's Carbon Border Adjustment Mechanism (CBAM), given its goal of curbing global carbon emissions and if so, the details thereof;
- (b) whether the Government has any alternative financial measures or incentives to demonstrate its commitment to reduce carbon emissions and if so, the details thereof;
- (c) the measures taken by the Government to insulate global shocks in carbon-intensive industries/sectors like steel, cement and fertiliser in the country by forcing transition to low-carbon production methods; and
- (d) the manner in which the Government is balancing trade competitiveness and environmental sustainability in response to CBAM?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI PANKAJ CHAUDHARY)

- (a) The Department of Commerce (DoC), the nodal department for trade negotiations, has conducted consultations to discuss ways to respond to CBAM.
- (b) The Government is committed to following a low-carbon development pathway and has adopted ambitious Nationally Determined Contribution in 2015, which was further updated in 2022. Comprehensive action is being taken through the National Action Plan for Climate Change, which includes national missions to expand solar energy production and enhance energy efficiency. Several financial measures and incentives are being implemented including production-linked incentives schemes on high-efficiency solar PV modules, advanced chemistry cell battery storage, and automobiles and the auto-component industry; and support for the adoption of electric vehicles through the Faster Adoption and Manufacturing of Electric Vehicles scheme initiated in 2019 and the recently introduced PM e Drive scheme. Other initiatives include the National Green Hydrogen Mission for facilitating green hydrogen production and usage. The emission intensity of GDP reduced by 36 per cent in 2020 as compared to 2005 and the share of non-fossil fuel in the installed electricity capacity is 46.8 per cent as of 30 November 2024.

(c) The Government has been implementing the Perform, Achieve and Trade Scheme, which is a regulatory instrument to reduce energy consumption in energy-intensive industries, with an associated market-based mechanism to enhance cost-effectiveness through certification of excess energy savings which can be traded. Other measures include the release of the taxonomy for green steel, which provides standards for defining and categorising low-emission steel and a roadmap and action plan for greening the steel sector. Steel Scrap Recycling Policy, 2019 envisages enhancing the availability of domestically generated scrap to reduce coal consumption in steel making. The fertiliser industry has undertaken measures to improve energy efficiency and use of cleaner feedstock like natural gas from coal, naphtha and fuel oil.

(d) Measures to reduce the emission intensity of GDP, enhance the share of non-fossil fuel in the installed electricity generation capacity, and facilitate the shift to low carbon development pathway in carbon-intensive industries/sectors address environmental sustainability. In addition, many strategic initiatives have been taken to boost export competitiveness through production-linked incentive schemes that offer financial incentives to manufacturers across sectors, expand the global trade footprint by negotiating Free Trade Agreements, improve infrastructure facilities, streamline supply chains and reduce logistics costs, using digital platforms for simplification of regulatory processes to reduce transaction costs. Together, these efforts are aligned with the broader objectives of achieving environmental sustainability and improving trade competitiveness.

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