OVER VIEW OF CARBON MARKET IN INDIA

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INTRODUCTION

The primary cause of climate change induced by humans is carbon emissions, also known as carbon dioxide (CO2) emissions. Every time we utilize energy sources that derive from fossil fuels, carbon emissions are produced. This includes utilizing electricity or home heating systems that are powered by fossil fuels like coal, oil, or natural gas, as well as operating the majority of cars and aero planes. We frequently create and transport the goods and services we use with the help of fossil fuels, which results in emissions. For instance, in addition to the fuel required to drive tractors and deliver items to markets, traditionally cultivated farm products also make extensive use of petroleum-based insecticides and fertilizers.

Sea level rise, increased frequency and severity of extreme weather events like droughts, floods, high heat, and more powerful storm systems are all effects of the climate change brought on by these emissions. All of this has expensive effects on recovering from natural disasters, failing crops, scarce water supplies, and more. Additionally, communities with limited resources and communities of colour typically experience these effects earliest and worst. As a result, the worldwide movement for climate justice has been fueled by one of the greatest social justice challenges of our time: climate change.

As a society, we must reduce emissions to zero or less in order to combat climate change, but doing so on a personal level in a fossil fuel-based economy can be very difficult. In this situation, carbon offsets are useful. With the help of carbon offsets, you may fund renewable energy initiatives, reforestation efforts, regenerative agriculture, and many other incredible climate solutions that lower overall emissions caused by humans. The procedure is straightforward, and there are several websites that can assist you in calculating your emissions—or a fraction of them—and helping you decide which offsets to buy to fund particular carbon-saving initiatives that will trap that much more carbon. Carbon markets have long been regarded as a component of the fight against climate change. The private sector has mostly dominated them, but this will soon change. One of the most effective ways to reduce emissions is through carbon markets, which provide the cheapest emission reductions and allow India to avoid losing $35 trillion over the next 50 years due to unrestricted climate change

The term "carbon market" refers to the market where carbon credits, or carbon certificates, are acquired and sold in accordance with established guidelines for the mitigation or prevention of greenhouse gas (GHGs). Businesses that emit more than the permitted amount are penalized in this market, while those that emit less are rewarded. Consequently, the carbon market offers resource utilization that is environmentally friendly.

Carbon markets assist in resource mobilization and cost reduction to offer nations and businesses the room to facilitate the low-carbon transition. According to estimates, trading carbon credits could cut the cost of adopting NDCs by up to $250 billion by 2030. As every nation achieves net-zero emissions and the need to sell emissions decreases, it is anticipated that carbon markets would eventually become obsolete.

The regulatory compliance market and the voluntary market are the two different forms of carbon markets.

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Companies and governments who are required by law to account for their GHG emissions use the compliance market. Mandatory national, regional, or global carbon reduction regimes govern it. The trading of carbon credits occurs voluntarily on the voluntary market.

Recently, the Indian government took two moves toward the establishment of a national carbon market. The first step was the presentation of a draught plan by India's Bureau of Energy Efficiency (BEE) for the gradual implementation of a national cap-and-trade system, which called for the creation of a voluntary market in the first phase. Second, the Indian Lower House of Parliament (Lok Sabha) approved a change to the 2001 Energy Conservation Act on July 29, 2022, creating the legislative framework for the creation of a voluntary carbon tax.

India revised its carbon credit regulations on August 8th, 2022, to forbid the export of carbon credits. A permit that allows the release of one tonne of greenhouse gases per permit is known as a carbon credit. They are periodically given to polluting industries to help them reduce their emissions and sell the extra credits to other businesses who require them.

Until the country reaches its climate goals of lowering 1 BT of carbon by 2030 and reaching net-zero by 2070, India would prohibit the companies from exporting their carbon credits.

By the end of the decade, the government wants to boost its use of green energy from its current 42% to 50% and turn into a net exporter of energy.

The government of India is ready to start a domestic carbon market, but it's unclear when it will start and when it will go live. The domestic carbon market will make it possible for domestic businesses to exchange carbon credits effectively and support government goals for the energy transition in an effort to mitigate climate change. With the new law, Indian businesses will be ready for the impending carbon levies in export markets.

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