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Importance of carbon markets can increase rapidly after COP, 26. Examine.

The COP, 26 has set the targets to control the emissions and halt climate change. The role of carbon markets in this is pivotal.

COP 26, Outcomes

Consensus was reached to limit global temperature rise to 1.5°C. The transition from fossil fuels to renewables was laid.

India's Panchsheel principles, and the global methane project among others.

Carbon markets

Article 6 of the Paris agreement allows using international carbon markets to meet Nationally determined contributions.

Benefits

The carbon markets will help in bringing cutting edge technologies to the developing world.

- Technologies such as COREX furnace,
flue gas desulphurisation, etc.

The buyers and sellers can import
clean fuels such as biofuels, green hydrogen
and fuel cells. India can support its
hydrogen energy mission and E-20 program
via carbon credits.

The carbon markets can help develop
commodity exchanges of the country and help
realise revenue

challenges

The developing countries have given
mitigation target in this set up. Also
developing countries watch for clause 6.2 of
Paris agreement - international transfer of carbon
credits whereas developed nations stress ~~to~~
6.4 establish UN mechanism to transfer credits

India being one of the largest
beneficiaries under Clean development mechanism
has vibrant avenues to open up for carbon
markets.