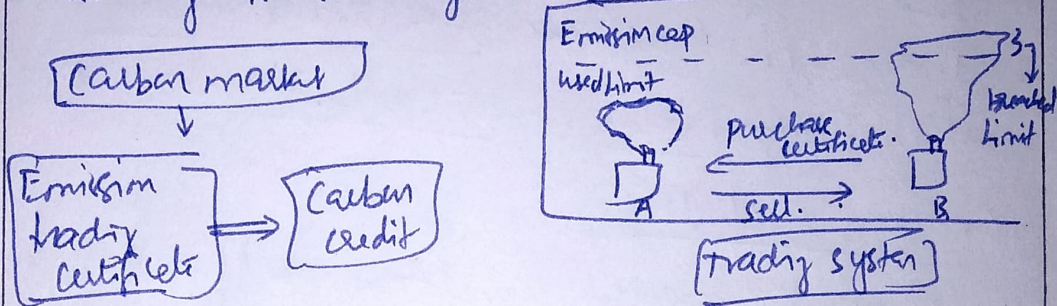


24 Feb. 2023

GS-3 - Energy.

2. Specifics of carbon trading can help India to accelerate transition to cleaner energy source. Analyse.

Carbon market is a market system for reducing Green house gas emissions.



India's Effort

Energy conservation Amendment Act 2022 → periods for Carbon market system & minimum permissible limits on fossil fuel emission. to shift to non-fossil fuel.

In line with Glasgow agreement Global regulatory framework → 45% cut in emissions intensity 50% energy from non-fossil by 2030.

United nation framework on climate change → via Paris & Glasgow pact → Carbon market has gained global popularity.

Experiences of European union

European union - Emission trading scheme ⇒ puts

Emission Cap on Industries like steel, Al ⇒ if breached the limit, have to buy certificates in turn, dis-incentivised to move away from fossil fuel.



## India's experience

Performance Trade Achievement → 1000 industries →  
to limit the ~~use~~ fossil fuel usage (pilot basis)

## Effect

India - could achieve 3-5% reduction since 2015.  
while European union → 35% reduction since 2005

## Concerns & challenges

1. Though the system functions well in Europe -  
its other side - it ~~is~~ creates 'Right to pollute'.
2. India - ~~is~~ being new market on large scale.  
has to provide clarity.

## Way forward

Meaningful framework is required. The market  
may perform well if the system could mobilize  
domestic finances & shift away from fossil fuel. Government  
must ~~also~~ intervene to provide Right  
amount of pressure on Industries to  
participate in market along w/ (t) also  
parallelly carry out non-market initiatives  
to reduce Greenhouse gas  
emissions