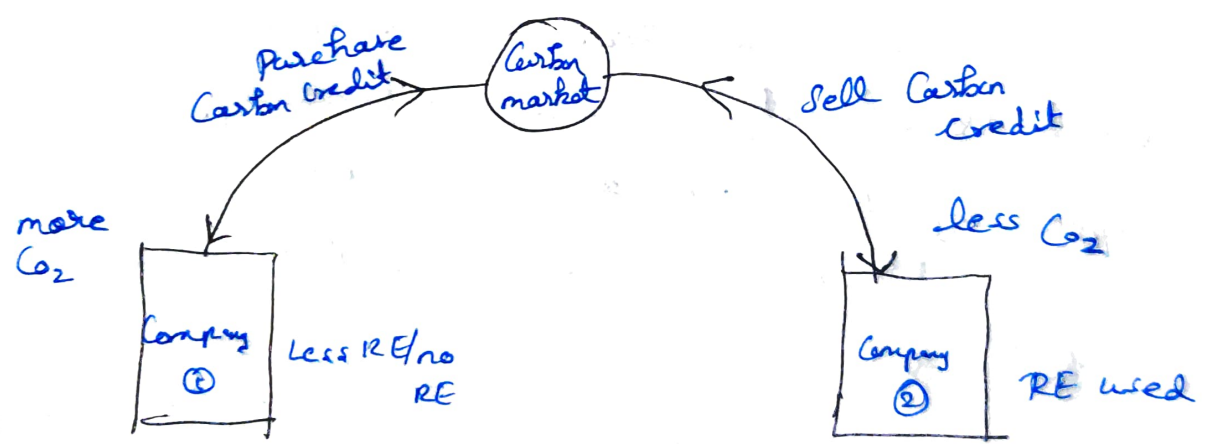① What is a carbon market? Evaluate the potential to have a carbon market framework in India to incentivize carbon emission reduction & fight climate change?

govt efforts.
| EE PAT Kyoto

## Introduction – Recently passed

Energy Conservation bill 2022, paved the way to estb carbon market which is a market based approach to reduce carbon emission via providing incentives.

⟶ Under– Kyoto protocol, 1997,



Purchase Carbon Credit → Carbon market ← Sell Carbon Credit

more $CO_2$

Company ① | Less RE/no RE

less $CO_2$

Company ② | RE used

## Potential to have a Carbon Market

① It reduces the adverse impact of climate change by reducing $CO_2$ emission.

(eg) Ice melting,

② provides multiple co-benefits of offset market.
   (eg) ⓐ forest preservation
       ⓑ ecosystem management
       ⓒ sustainable Agriculture.

③ voluntary carbon market is smaller than the compliance market but it is expected to grow bigger.

④ Consumers are increasingly aware about their environmental responsiblities.

⑤ provides additional revenue towards environmental benefical buisness.
   (eg) Tesla sold their Carbon company's Credit to the price $518 million

Drawbacks in the Carbon market Mechanism.

① It could deviate the developed countries from the path of reducing emissions. by buying cheap carbon credit.

② only high-quality carbon offsets are benefical & effective in reducing $CO_2$.

③ price of carbon credits is higher than the cost of mitigating effort to reduce carbon emission.

④ There have been huge surplus of carbon credits in market,

(eg) sell selling of carbon credit is ~~less~~ more than purchasing of carbon credit.

⑤ difficult to estb the amt of carbon ~~offsets~~ reduced by offsets projects

(eg) as complexity in estb baseline emissions.

## Way Forward

* estb National level environmental regulator like RBI, SEBI.

* strong regulator should be in place to ensure high quality carbon emission ~~credit~~ offsets traded.

* Develop environmental consiousness by conducting awareness campaigns

* ensure cap & trade doesn't end up as an inspect & exhort regime on IND

Conclusion — govt should take possible steps to curb $CO_2$ emission thereby achieving the SDGs— 14 goal.