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Green Credit Programme

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Why is in news? Centre plans 'market' scheme to promote sustainable living

The Ministry of Environment and Forests has put forward a **pioneering initiative called the Green Credit Programme, aimed at incentivising environmentally conscious practices and promoting a sustainable lifestyle** known as 'LiFE' (Lifestyle for Environment).

In a recent notification, the government introduced the **"draft Green Credit Programme Implementation Rules 2023"** to lay the foundation for this innovative scheme.

The notification highlights the central government's decision to **establish a domestic voluntary market mechanism** known as the Green Credit Programme.

This program was initially **announced in the Union Budget 2023-24**, with the objective of encouraging individuals and companies to adopt responsive actions that prioritize environmental well-being.

The Green Credit Programme will be implemented **under the purview of the Environment Protection Act**, serving as a framework to motivate and reward eco-friendly behaviour.

Green Credit Programme:

The government said that a Green Credit Programme is proposed to be **launched at national level** to "leverage a **competitive market-based approach for Green Credits**, thereby **incentivising voluntary environmental actions** of various stakeholders".

Under this programme, incentives will be given to **individuals, private sectors, small scale industries, cooperatives, forestry enterprises and farmer-produce organisations** for environmental actions.

Objective: To create a market based mechanism for providing incentives in the form of Green Credits to individuals, Farmer Producer Organisations, cooperatives, forestry enterprises, sustainable agriculture enterprises, Urban and Rural Local Bodies, private sectors, industries and organisations for environment positive actions.

Apart from incentivising individual or community behaviour, the Green Credit Programme is also expected "to **encourage private sector industries and companies as well as other entities** to meet their existing obligations, stemming from other legal frameworks, by taking actions which are able to converge with activities relevant for generating or buying Green Credits", the government said in the notification.

These Green credits will be **tradable outcomes and will act as incentives**. They will incentivise voluntary environmental actions of various stakeholders.

Key point:

A **"phased and iterative approach"** for implementation of the programme will be adopted.

Sectors identified for the programme with respective objectives are as follows:

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Tree Plantation-based Green Credit: To promote activities for increasing the green cover across the country through tree plantation and related activities.

Water-based Green Credit: To promote water conservation, water harvesting and water use efficiency/savings, including treatment and reuse of wastewater.

Sustainable Agriculture based Green Credit: To promote natural and regenerative agricultural practices and land restoration to improve productivity, soil health and nutritional value of food produced.

Waste Management based Green Credit: To promote sustainable and improved practices for waste management, including collection, segregation and treatment.

Air Pollution Reduction based Green Credit: To promote measures for reducing air pollution and other pollution abatement activities.

Mangrove Conservation and Restoration based Green Credit: To promote measures for conservation and restoration of mangroves.

Ecomark based Green Credit: To encourage manufacturers to obtain Ecomark label for their goods and services.

Sustainable building and infrastructure based Green Credit: To encourage the construction of buildings and other infrastructure using sustainable technologies and materials.

Who will get green credits and how?

The government informed that in the beginning, Green Credits will be made **available to individual and entities, engaged in selected activities** and who undertake environmental interventions. These Green Credits will be **made available for trading on a domestic market platform**.

It added that benchmarks will be developed for each Green Credit activity for **generating and issuance of Green Credits**. Also, digital processes will be developed and established for the programme.

These will include self-assessments of eligible Green Credit activities, registration of activities, issuance of Green Credits, monitoring of performance and other relevant processes.

One can get 'Carbon credit' too!

An environmental activity **generating Green Credits may have climate co-benefits** such as reduction or removal of carbon emissions too. Therefore, an activity generating Green Credits under Green Credit Programme may also get Carbon Credits from the same activity under carbon market, the government said.

A carbon market is a platform through which the **emission reductions and removals are converted into tradable assets**.

An industrial unit that surpasses the emission criteria is eligible to receive credits - meaning, a carbon market will create incentives to reduce emissions or improve energy efficiency. Additionally, it would allow struggling units to purchase credits and demonstrate compliance.

At the 2021 United Nations Climate Change Conference (COP26) summit in November 2021, India had promised to achieve zero carbon emissions by 2070 and reduce its emissions by one million tonnes in the next 10 years. Now, establishing a carbon credit market is seen as the first step toward this goal.