Ministry of Environment, Forest and Climate Change
Government of India

Carbon Pricing Instruments: India's Progress & Experiences

Regional Dialogues on Carbon Pricing (REDiCAP) for Northeast and Southeast Asia

Yeosu, Republic of Korea
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India’s Nationally Determined Contributions (NDCs)

- **India has set ambitious targets under NDCs and has made significant progress on them:**

NDC (Oct 2015)	Updated NDC (Aug 2022)	Updated NDC (March 2026) for the period 2031 to 2035	Achievements	Remarks
Reduction of the emissions intensity of GDP by 33% to 35% from the 2005 level by 2030	Enhanced to **45%**	Enhanced to **47%**	**36%** (between 2005 and 2020)	Original target achieved **11 years ahead of schedule** On track to achieve revised target
Achieve about 40% cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030	Enhanced to **50%**	Enhanced to **60%**	**52.57%** (Feb 2026)	Original target achieved **9 years ahead of schedule** Revised target achieved **5 years ahead of schedule**
To create an additional carbon sink of 2.5 to 3 billion tonnes of CO_2 equivalent through additional forest and tree cover by 2030	No change	Enhanced to **3.5 to 4.0 billion tCO_2eq**	**2.29 billion tCO_2eq** (Between 2005 and 2021)	On track as per Forest Survey of India estimates

India’s Long-Term Low Emission Development Strategy

- **India’s LT-LEDS rests on seven key transitions to low-carbon development pathways.**
- These transitions to low-carbon development pathways have already been initiated through various significant and specific policies, programmes, and initiatives.

1	**Low Carbon Development of Electricity Systems Consistent with Enhanced Development Benefits**
2	**Develop an Integrated, Efficient, Inclusive Low-Carbon Transport System**
3	**Promoting Adaptation in Urban Design, Energy and Material-Efficiency in Buildings, and Sustainable Urbanisation**
4	**Promote Economy-Wide Decoupling of Growth from Emissions and Development of an Efficient, Innovative Low-Emission Industrial System**
5	**CO2 Removal and Related Engineering Solutions**
6	**Enhancement of Forest and Vegetative Cover Consistent with Socio-Economic and Ecological Considerations**
7	**Economic and Financial Aspects of Low-Carbon Development**

Indian Carbon Market & Carbon Credit Trading Scheme (CCTS)

- The **National Framework for Indian Carbon Market (ICM) i.e. Carbon Credit Trading Scheme (CCTS)** was notified in 2023 under the powers conferred by clause (w) of section 14 of the Energy Conservation (Amendment) Act, 2022.

- **Carbon Credit Trading Scheme (CCTS),**
  - Consists of two mechanisms namely **compliance** and **offset** mechanism
  - Aims to reduce or avoid GHG emissions from various sectors of the Indian economy by pricing emissions.
  - Has been envisaged to facilitate public and private sector companies to lower the economic cost of reducing emissions.
  - Sets GHG emission intensity reduction targets in line with India's NDC under the Paris Agreement and creates a market for trading carbon credit certificates (CCCs).

- **National Steering Committee for the Indian Carbon Market (NSCICM)** has been established to oversee the Indian Carbon Market.

Indian Carbon Market & Carbon Credit Trading Scheme (CCTS)

CCTS COMPLIANCE MECHANISM

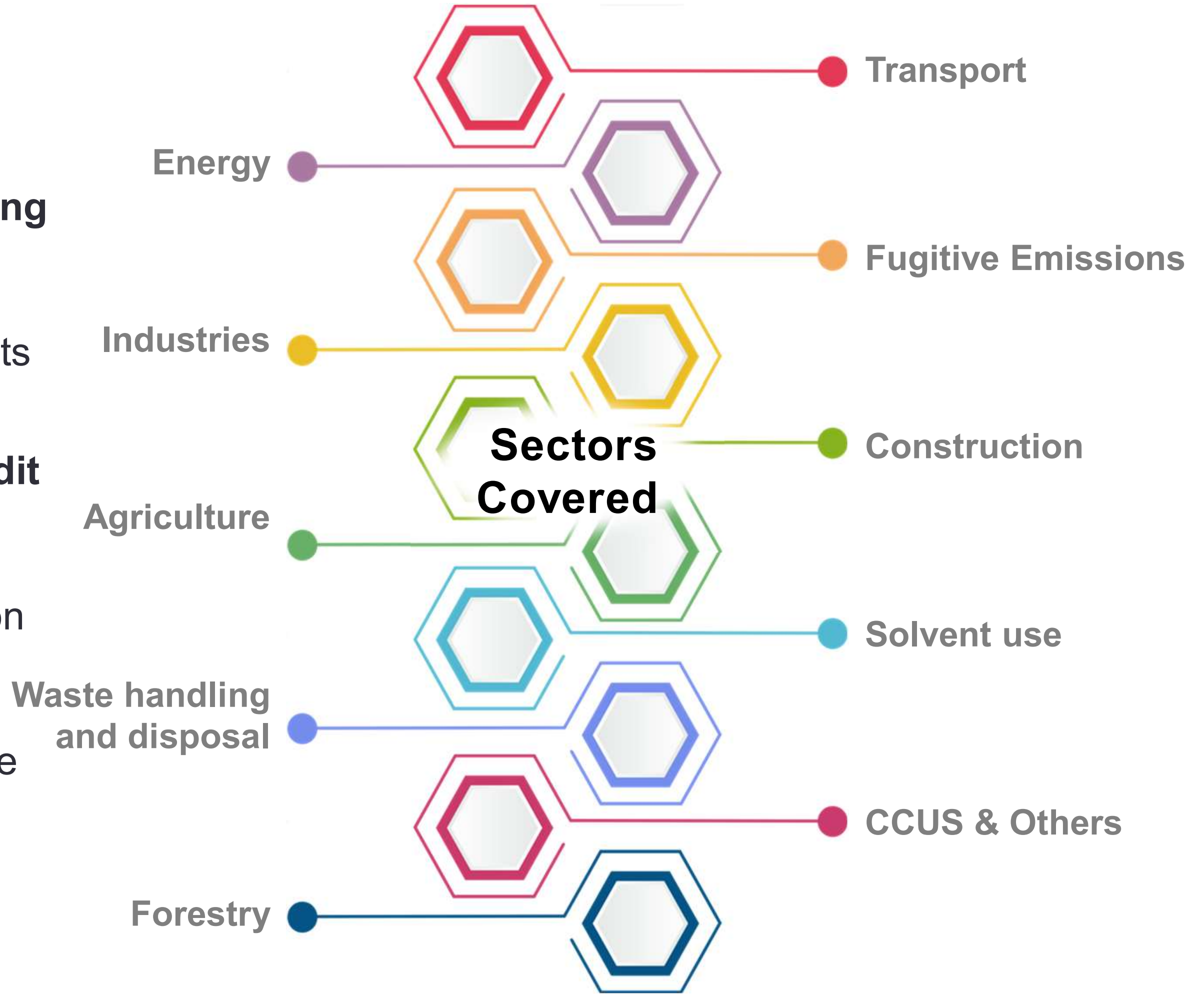
The Compliance Mechanism under CCTS is **cap-and-trade Emissions Trading System.** Obligated entities are assigned GHG Emissions Intensity Targets:

- **8th October 2025:** Targets for the first four sectors i.e., Aluminium (Primary Aluminium), Cement, Chlor-Alkali, and Pulp & Paper were published**,** covering **282 obligated entities**
- **13th January 2026:** Targets for the next set of sectors i.e., Aluminium (Secondary Aluminium), Petrochemicals, Petroleum Refining, and Textile were published, covering **208 obligated entities**

Indian Carbon Market & Carbon Credit Trading Scheme (CCTS)

CCTS OFFSET MECHANISM

- The offset mechanism under CCTS is a **voluntary, project-based carbon crediting program**
- Non-obligated entities may register projects that achieve GHG emission reductions or removals for the issuance of **Carbon Credit Certificates (CCCs)**
- It enables the country to harness mitigation potential in **10 sectors**
- **8 methodologies** already published. More methodologies under development



India’s Participation in Article 6.2 and 6.4 Mechanisms

Article 6.2 Cooperative Approaches

- **List of 13 activities** to be considered for Article 6.2 mechanism has been published
- Memorandum of Cooperation (MoC) for bilateral cooperative approaches signed with **Japan** and **Republic of Korea,** negotiations on rules and guidelines for implementing the cooperative approaches are ongoing
- **Discussions with other nations** are also underway
- **Purchase of ITMOs** from other developing nations is being considered

Article 6.4 (PACM)

- **List of 13 activities** to be considered for Article 6.4 mechanism has been published
- **Host Party Participation Requirements Form** for Article 6.4 submitted to UNFCCC
- India’s Designated National Authority (DNA) for Article 6.4 i.e. **the NDAIAPA**, has been communicated to UNFCCC
- **650 PCNs** received and are being reviewed for Host Party Approval

India's Digital Infrastructure for Indian Carbon Market

India is **developing the information technology infrastructure** required for the Indian Carbon Market (ICM). The platform will consist of two major components, namely **ICM Portal** and **ICM Registry**.

Compliance Mechanism

Offset Mechanism

A6.2 Cooperative Approach

ICM Portal

Project Proposal
Project Registration
Project Validation
Project Verification
Credit Issuance
Credit Period Renewal

CC & MO Crediting

ICM Registry

Bookkeeping
Transaction Record

CCCs
Compliance Mechanism

CCCs
Offset Mechanism

MOs
Cooperative Approach

Key Challenges & Way Forward

Key Challenges

1. Lack of clarity on the demand for Article 6.4 MCUs
2. Varying standards across international carbon market mechanisms (6.4, 6.2, CORSIA, VCM, etc.)
3. Recognition of VCM credits under Article 6, given limited flexibility to adjust MRV according to Host Party requirements
4. Price for ITMOs is often not sufficient for project viability
5. Complexities related to modalities of technology transfer under Article 6.2

Way Forward

- Operationalizing trade of Carbon Credit Certificates (CCCs) under CCTS
- Implementing projects under Art. 6.2 Cooperative Approaches with Japan and Republic of Korea
- Developing robust demand pipeline for MCUs through strong use cases

THANK YOU