

# India may soon start its first carbon-trading programme

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India is in the final stage of kickstarting its first ever comprehensive carbon-trading programme to report on emission generated by participating industries, according to a top official of the Bureau of Energy Efficiency (BEE).

This will be for April 2025-March 2026 with interviews for verifiers in progress. But steel, the most polluting industry, is yet to find a place in the first phase of operations; neither is the fertiliser sector. Their inclusion was proposed to cover 800 units, responsible for nearly all of India's industrial emission.

Denying reports that the "Carbon Credit Trading Scheme" is delayed, Saurabh Diddi, director, BEE, told Business Standard on the sidelines of "Mumbai Climate Week" that the body had issued emission targets for around 490 units, covering seven sectors, through two notifications, in October 2025 and January 2026.

(The power sector, India's



## Global emissions growth

	2024 emissions	2024 growth (Y-o-Y in %)	**Emissions projected in 2025	Emissions growth projected in 2025 (Y-o-Y in %)
India	3.2	4	3.24	1.4
China	12.3	0.7	12.35	0.4
USA	4.9	-0.6	5	1.9
EU 27	2.4	-2.6	2.41	0.4
Japan	1	-2.8	0.9	-2.2
*International bunkers	1.2	9.8	1.24	3.7
Others	13.6	1.6	13.7	1.1
World	38.6	1	38.9	1

Emissions in billion tonne of CO<sub>2</sub>/yr; Source: Global carbon Budget 2025 projections; \*Emissions from use of international aviation and maritime shipping bunker fuels are not usually included in national totals; \*\*Projected emissions calculations by Business Standard

biggest overall polluter, is not part of the scheme.)

"The first cycle of FY26 targets will end on March 31 and then we will give four months for verification and then three months for assessment and issuance. So practically we are going to issue credits in October (2026) and then we are expecting that November to January this

trading will happen," Diddi said, adding "and every year this cycle will get repeated". "These sectors and companies will cover 20 per cent of emission to begin with," said Hisham Mundol, chief advisor, Environmental Defence Fund, India, a global organisation that works with governments and businesses on carbon markets and emission trading. As for steel and

fertilisers, Mundol said they were part of the scheme but the (emission) targets had not been announced. That's a procedural thing that will happen."

The government is launching a portal on March 20 to register projects and participate in the scheme. "Whatever you are doing here as of now through emails and everything will be available on the

portal, and we are trying to get the registry operational by then — so that April onwards everything will be in place," Diddi added.

Navin Mathur, chief operating officer, Asvata, an RPG group carbon-credit company, said: "We expect the scheme to create a credible, transparent compliance carbon market that embeds a price on emission and turns decarbonisation into a financial opportunity rather than a cost burden." "By introducing tradable carbon-credit certificates linked to emission-intensity targets, the scheme enables efficient performers to monetise surplus reduction while allowing others to meet compliance flexibly through trading, thereby lowering overall abatement costs."

The government's October 8, 2025, final notification covered 281 units in aluminium, cement, chlor alkali, and pulp & paper; the notification of January 13, 2026, covered 208 units spanning secondary aluminium, petroleum refineries, petrochemicals, and textile, according to the Ministry of Environment and Forests.

Diddi declined to give a time frame to set targets for steel and fertilisers. Steel, along with fertiliser, finds a place in the European Union's Carbon Border Adjustment Mechanism (CBAM), which came into force January and imposes a carbon tax on exporters of high-emission goods.

New Delhi hastened the adoption of the scheme as a counter to the CBAM, said a senior official, but there have been delays in setting targets for polluters.

### Twin components

The scheme has two components: A mandatory compliance component covering 800 units in nine sectors, and a voluntary offset component. Carbon credits will be issued separately and traded separately. The targets are issued for three years under the compliance scheme.

The voluntary offset programme is also advancing, with the government publishing nine methodologies for validating projects and working on 15 more — from carbon capture to nature-based solutions.