



Green Credit Programme

For Prelims: [Green Credit Programme](#), [2023-24 Union Budget](#), [Carbon Market](#), [CO2 Emission](#), [Regenerative Agriculture](#), [ICFRE](#), [Greenwashing](#).

For Mains: Green Credit Programme, its significance and Related Concerns.

Why in News?

Recently, the Ministry of Environment, Forest and Climate Change, Government of India has notified the draft '**Green Credit Programme (GCP)**' implementation rules for 2023.

- It was first announced in the [2023-24 Union Budget](#) with a view to leverage a competitive market-based approach and incentivize **voluntary environmental actions of various stakeholders**.

What is the Green Credit Programme?

▪ About:

- The 'Green Credit' means a **singular unit of an incentive provided** for a specified activity, delivering a **positive impact on the environment**.
- The Green Credit Programme as a mechanism that **complements the domestic [Carbon Market](#)**.
- While the domestic carbon market focuses solely on [CO2 Emission reductions](#), the Green Credit **System aims to meet other environmental obligations as well**, incentivizing sustainable actions by companies, individuals, and local bodies.
- The green credits will be tradable and those **earning it will be able to put these credits up for sale** on a proposed domestic market platform.

▪ Green Credit Activities:

- **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.

- Through the programme, **thresholds and benchmarks** will be developed **for each Green Credit activity**.

▪ **Administration:**

- The [Indian Council of Forestry Research and Education \(ICFRE\)](#) shall be the administrator of the programme which will develop **guidelines, processes and procedures for implementation** of the programme.

▪ **Significance:**

- The Green Credit Programme will also 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 guidelines bring together mechanisms to quantify and support ecosystem services together and would be of **great help for organic farmers and FPOs**.
- It's a first of its kind instrument that seeks to value and reward multiple ecosystem services to **allow green projects to achieve optimal returns beyond just carbon**.

What are the Concerns Regarding Green Credit Mechanism?

- Experts are concerned that the market-based mechanism of green credits may lead to **Greenwashing**.
 - Greenwashing refers to the practice of making false or exaggerated claims about environmental sustainability or achievements to create a positive image while not actually delivering significant environmental benefits.
- The fear is that companies or entities may engage in tokenistic or superficial activities to generate **green credits without making substantial efforts** to address environmental issues.
- There are also concerns about the effectiveness of these mechanisms in achieving urgent emissions reductions and the **allocation of resources for monitoring and fraud prevention** instead of more transformative efforts directed by the government.

Way Forward

- It will be crucial to ensure that **the methodology and the standards are robust and additional strategies** that would create enough demand for the green credits for the viability and stability of the market.
- There is a **need for a careful assessment and implementation** of the Green Credit System, particularly its focus on tree plantation and afforestation.
- It is important to **consider unresolved forest ownership and governance rights, ecological and biodiversity challenges**, and global critiques of carbon credit schemes.
- Internal discussions and public consultations are important to address these aspects.

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q. Regarding “carbon credits”, which one of the following statements is not correct? (2011)

- (a) The carbon credit system was ratified in conjunction with the Kyoto Protocol
- (b) Carbon credits are awarded to countries or groups that have reduced greenhouse gases below their emission quota
- (c) The goal of the carbon credit system is to limit the increase of carbon dioxide emission
- (d) Carbon credits are traded at a price fixed from time to time by the United Nations Environment Programme.

Ans: (d)

Exp:

- Emissions trading, as set out in Article 17 of the Kyoto Protocol, allows countries that have carbon emission units to spare (i.e., the difference between total emission cap and emission done) – emissions permitted to them, but not “used” – to sell this excess capacity to countries that are over their targets.
- If a country emits less than its target amount of hydrocarbons, it can sell its surplus credits to countries that does not achieve their Kyoto level goals, through an Emission Reduction Purchase Agreement (ERPA).
- Certified Emission Reductions (CERs) are a type of emission units (or carbon credits) issued by the Executive Board of Clean Development Mechanism (CDM) for emission reductions achieved by CDM projects.
- It is verified by a DOE (Designated Operational Entity) under the rules of the Kyoto Protocol.
- The Sustainable practices and application of eco friendly technologies produce carbon-credits that could be traded. Thus, it leads to reduction in GHGs emission as it creates a competitive and remunerative market. The United Nations’ Intergovernmental Panel on Climate Change (IPCC) developed the carbon credit regime as a “market-oriented mechanism”.
- **Therefore, option (d) is the correct answer.**

Mains

Q. Should the pursuit of carbon credits and clean development mechanisms set up under UNFCCC be maintained even though there has been a massive slide in the value of a carbon credit? Discuss with respect to India’s energy needs for economic growth. **(2014)**

Source: DTE

PDF Refernece URL: <https://www.drishtias.com/printpdf/green-credit-programme>