

Businesses recognizing need for sustainability

CBAM implementation plan is prompting the Indian Government to develop its own Indian Carbon Market (ICM), aiming to decarbonize the economy by pricing greenhouse gas (GHG) emissions

Carbon Taxonomy Crucial

- ECA Bill 2022 mandates 13 consumer industries to reduce GHG emissions
- India appointed BEE as administrator, CERC as regulator for carbon credit trading
- Unified taxonomy facilitates consistent disclosure of environmental impact

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greenhouse gas (GHG) emissions through Carbon Credit Certificate trading. CBAM's transition phase runs from October 2023 to December 2025, with full enforcement starting January 2026. This imposes penalties on importers for unreported carbon leakage from designated commodities, motivating India to expedite ICM formation and establish Carbon Taxonomy and credit trading. The Energy Conservation Amendment Bill 2022, passed by the Rajya Sabha on December 12, 2022, mandates 13 designated consumer industries to reduce GHG emissions or face penalties, indicating India's intent to adopt a "Cap and Trade" model for carbon credit trading. Such initiatives drive demand for decarbonization, energy-efficient technology, and green financing in the

B2B market.

By December 2023, the Indian government has laid the foundation for ICM, appointing the Bureau of Energy Efficiency (BEE) as administrator, CERC as trade regulator, and Grid India as the registry for carbon credit trading. Additionally, plans are underway to establish Measurement, Review, and Verification (MRV) processes, with carbon verification agencies and trading platforms (IEX and PXIL) nearing finalization.

Talking to *Bizz Buzz*, Khushal Tipre, Head Green Technology & Projects, Ecofy, says, "Ecofy, an impact-focused lender, exclusively supports environmentally friendly and decarbonization technologies. Ecofy believes that the digitization of carbon credit trading using IoT and AI/ML platforms is of

prime importance to ensure transparency and efficiency."

This innovation not only boosts revenue for decarbonization projects but also strengthens the viability of green financing, he said.

Carbon taxonomy is crucial for this journey, as it influences a multitude of facets.

Taxonomy of economics defines "green." Greenwashing is reduced and sustainable investments are encouraged. It facilitates the allocation of green funds towards India's ambitious climate objectives.

Shailendra Singh Rao, Founder, Creduce says, "Using the taxonomy, financial institutions can estimate portfolio climate risks. It endorses responsible financing and influences their decision-making."

A unified taxonomy facilitates the consistent disclosure of environmental impact by organisations. This transparency enhances the confidence of investors and stakeholders, he said.

The alignment of Indian taxonomy with global standards attracts foreign investment in environmentally friendly initiatives, thereby positioning India as a front-runner in sustainable.