

Green Credit Rules, 2023 notified under the Green Credit Programme

With effect from 12 October 2023, the Ministry of Environment, Forest and Climate Change notified the Green Credit Rules, 2023 to leverage a competitive market-based approach for green credit for incentivizing environmental actions of various stakeholders. Notifying these rules comes as an initiative of Green Credit Programme ('GCP') of the government of India which encourages environmentally friendly practices rooted in our tradition and conservation, reflecting the LiFE concept (Lifestyle for Environment).

Key points

Objective

- Incentivize environmental positive actions of the stakeholders through market-based mechanism and generate green credit, which will be tradable and made available for trading on a domestic market platform.
- To encourage industries, companies and other entities to meet their existing obligations, and encourage other persons and entities, to undertake voluntary environmental measures by generating or buying green credit.

Green Credit Programme: The measures that can be taken up for protection, preservation or conversation of the environment are:

- Tree plantation;
- Water management;
- Sustainable agriculture;
- Waste management;
- Air pollution reduction;
- Mangrove conservation and restoration;
- Ecomark label development;
- Sustainable building and infrastructure.

What is green credit?

It is a singular unit of an incentive provided for a specified activity, delivering a positive impact on the environment. Persons taking measures (listed above) will become eligible for the green credit, subject to fulfilment of the provisions of these Rules.

Methodology of generating green credit

Calculation of green credit will be based on equivalence of resource requirement, parity of scale, scope, size and other relevant parameters required to achieve the desired environmental outcome.

Registering the green credit activity

The applicant desirous of obtaining green credit needs to make an electronic application to the administrator through the designated website. The designated agency shall after verifying the concerned activity submit its report to the administrator, who shall then issue green credit certificate to the applicant. The Indian Council of Forestry Research and Education will be the 'Administrator' for the purposes of the Rules.

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Procedure

The Administrator will develop a website for the registration of activities, evaluation and verification of activities undertaken and award of green credit in respect of such verified activities, electronically.

Responsibilities of Administrator: The Administrator will have to develop the guidelines for the following with approval of the Central Government:

- Effective implementation of the GCP
- Develop guidelines, registration processes, guidelines and associated measurement, reporting and verification mechanism
- Develop guidelines for the establishment and operation of the Green Credit Registry and trading platform
- Establish or designate the Green Credit Registry, and trading platform service provider in accordance with the approved guidelines
- Develop guidelines for the green credit programme portal, the knowledge and data platform, and for the fees from the registered entities
- Develop guidelines for filing of annual returns and progress reports by designated agency, Registry, trading platform and knowledge and data platform
- Develop guidelines for the market stability mechanism for trading of green credit.
- Regulate matters relating to the trading of green credit certificates, prevent frauds/mistrust and safeguarding the buyers'/sellers' interests

The steering committee and technical committee will consist of representatives from Ministries or Departments, experts from the field of the environment, and industry associations.

Auditors: The Central Government will appoint independent auditors, on the recommendations of the steering committee, to audit the Administrator, designated agency, registry, trading platform and knowledge and data platform within a period of 1 year at the end of every 3rd financial year.

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Therefore

The Green Credit Rules are a part of the government's LiFE movement. The rules specifically state the GCP is independent of the carbon credit under the Carbon Credit Trading Scheme, 2023 made under the Energy Conservation Act, 2001. Hence a person getting green credit may also become eligible for carbon credit in respect of the same activity. Enacting the Rules will in a long-way ensure sustainable lifestyles by driving consumer and community towards behavioral changes that promote environment friendly actions.