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# India ups climate commitments under the Paris Agreement with more to follow

By Claudia De Meulemeester  
August 17, 2022



A new energy bill will lay the foundation for the country's first-ever carbon trading system.

Earlier this month, India's prime minister Narendra Modi's cabinet approved upgrades to the country's commitments under the Paris Agreement. Climate experts both in and outside the country indicate that these are a bold and progressive step forward – and that in order to meet them, policies and schemes at the central and the state level will follow.

One of these is the new Energy Conservation (Amendment) Bill, which recently passed India's lower house of parliament.

This will act as a facilitator for achieving climate targets, according to Anjal Prakash, research director and adjunct associate professor at the Bharti Institute of Public Policy at the Indian School of Business, in Hyderabad.

One of the bill's most acclaimed aspects is the proposal for a carbon trading system, which Prakash says "lays the framework for the issuance of carbon credits against the deployment of clean technology".

“If the investment in clean technology increases, it will help corporations in greening their business profiles and the attached carbon credits will provide an additional revenue stream. This is a major incentive for businesses in India, which was lacking in earlier policies,” he adds.

India’s new commitments consists of reducing GDP emissions intensity by 45 per cent by 2030, compared to 2005 levels, and achieving about 50 per cent cumulative electric power from non-fossil fuel-based energy resources by 2030.

They will update the country’s Nationally Determined Contribution, which – as for other signatories of the Paris Agreement – is a national climate action plan communicating what the government intends to do to reach the goals of limiting global warming to 2 degrees Celsius, while aiming for a limit of 1.5 degrees.

“With the cabinet approval, the central government in India has signalled its seriousness in meeting these targets,” says Sameer Kwatra, policy director of the India programme at the Natural Resources Defense Council, a non-profit environmental advocacy group headquartered in the US.

Once India submits the updated NDC to the United Nations Framework Convention on Climate Change, they become binding under the global Paris agreement, he adds.

### **India’s climate promises and financing**

However, at COP26 in Glasgow last year, Modi committed to five quantitative targets but the current updates cover only two of them. The others are to: increase non-fossil fuel energy capacity to 500 gigawatts by 2030; reduce total projected carbon emissions by 1 billion tonnes from 2021 through 2030; and achieve net zero by 2070.

Still, experts point out that some targets seem to overlap. “The updated NDC increasing electricity from non-fossil fuel resources by 50 per cent is expected to take care of the 500 gigawatts non-fossil energy capacity target,” says Prakash at the Indian School of Business.

Prakash, a contributing author to the sixth assessment report of the Intergovernmental Panel on Climate Change, says the clean targets can be achieved with the help of the transfer of technology and low-cost international finance, including the Green Climate Fund. The fund, which was established under the UN Framework Convention on Climate Change, assists developing countries in adaptation and mitigation to counter climate change.

According to a [report](#) released earlier this month by the Climate Policy Initiative think-tank, India's enhanced climate ambitions require mobilisation of green finance at a much faster pace than is currently the case.

The report said current estimates of tracked green finance in India represent less than 25 per cent of what is required to achieve net zero emissions by 2070, noting: "There is a pressing need for funds to flow into the adaptation sector" because most finance is going to mitigation projects and comes mainly from domestic sources.

The Energy Conservation (Amendment) Bill could help engage with financial markets through the carbon trading scheme. It might also lead to a different type of involvement.

### **Climate limitation ahead?**

The bill also sets out minimum requirements for renewable energy use, enforces penalties on polluting industries that fail emission targets and allows government to specify energy consumption standards.

Experts who spoke to Sustainable Views diverge on whether the new requirements could trigger litigation in court if the targets under the new bill are not met. The Natural Resources Defense Council's Kwatra says India has a pretty good track record of meeting its global commitments in multinational environmental treaties, and therefore he does not expect these targets will need to be challenged in court.

However, Els Reynaers Kini, partner and head of the environment team at Indian law firm MVKini, notes that it might just be a matter of time before climate change litigation reaches the Indian courts.

"Unlike trends observed in many other jurisdictions around the world, India to date has not seen any significant pure climate change-related case in which the failure to meet certain climate change obligations or targets has been challenged. This is almost surprising, given the long history of public interest litigation pertaining to environmental matters before the civil courts and the specialised national green tribunals in India," says Reynaers Kini.

### **Reliance on coal**

As things stand, Climate Action Tracker gives India an overall [rating](#) of 'insufficient' when taking into account the goals of the Paris Agreement.

According to the latest IPCC [report](#), India's dependency on fossil fuels reaches as much as 72.3 per cent and the country currently relies on coal for 67.9 per cent of its electricity consumption.

This high reliance on coal explains in part why India, alongside China, pushed for the language on coal to change from “phase out” to “phase down” in the deal agreed at COP26, which attracted criticism from other nations.

Due to its rapid industrial development and large population, India ranks as the world’s third highest carbon emitter. Out of its 1.3 billion population, roughly 230 million people lack access to electricity, according to the IPCC report.

India is in a difficult climate spot. While experts have welcomed the new climate commitments, these will likely invite further scrutiny too.