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Centre tweaks green credit programme norms

Primacy must be accorded to restoring ecosystems over tree planting, says Environment Ministry

April 17, 2024 10:12 pm | Updated 10:39 pm IST - NEW DELHI:



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Amid concerns that the Green Credit Programme (GCP), which encourages organisations and individuals to invest in afforestation project in 'degraded' forest lands for 'green credits,' may encourage tree planting for financial gains, the Union Environment Ministry — the overall coordinator of the programme — has clarified that primacy must be accorded to restoring ecosystems over merely tree planting.

So far, *The Hindu* has learnt, forest departments of 13 States have offered 387 land parcels of degraded forest land — worth nearly 10,983 hectares. Individuals and companies can apply to the Indian Council of Forestry Research and Education (ICFRE), an autonomous body of the Environment Ministry, to pay to “restore” these forests. The actual afforestation will be carried out by State forest departments. Two years after planting and following an evaluation by the ICFRE, each such planted tree could be worth one ‘green credit.’ These credits can be claimed by the financing organisation and used in two ways: either using it to complying with existing forest laws that require organisations, which divert forest land for non-forestry purposes, to recompense by providing an equivalent amount of land elsewhere. Or be used for reporting under environmental, social and governance leadership norms or to meet corporate social responsibility requirements.

A senior Environment Ministry official said that as of now, these credits were not tradeable. However, the notified rules of the GCP, whose contours were first laid out in October 2023, says that the programme aims to “...incentivise environmental positive actions through market-based mechanism and generate green credit, which shall be tradable and made available for trading on a domestic market platform.” It adds that if generating green credits led to measurably reducing or removing carbon emissions, it could also be used to get carbon credits. Carbon credits are currently traded via several other independent markets.

Left it to States

In its latest update on April 12, the Environment Ministry has issued guidelines that States must rely on to calculate what it would cost to restore a degraded forest landscape. The Ministry has changed the earlier requirement that there be a minimum of 1,100 trees per hectare to qualify as reforested landscape and left it to States to specify them. “Not all degraded forests can support that kind of density. Thus in some places shrubs, herbs and grasses may be suitable for restoring the ecosystem,” Nameeta Prasad, Joint Secretary in the Environment Ministry told *The Hindu*. Preference would be given to indigenous species and naturally growing seedlings would be retained.

So far, public sector companies such as Indian Oil, Power Grid Corporation, National Thermal Power Corporation, Oil India, Coal India, and National Hydropower Corporation had registered to invest in the programme and their applications were being perused, said Ms. Prasad.

The programme was currently in a “pilot project” mode and questions such as how shrubs and grasses could be quantified in terms of green credits were still being worked upon, she added. Moreover, companies would not be able to offset all their obligations under compensatory afforestation using green credits but could claim a portion of it. “These were still being worked out as were the equivalence of green credits and carbon credits,” she added.