

Centre tweaks norms on tree plantation-based green credits, ties it to tree canopy, their survival

Union Environment Ministry to award green credits generated for tree plantation under the Green Credit Programme only after five years of restoration work; makes tree plantation-based credit non-tradable and non-transferable.

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The notification added that one green credit will be awarded for each new tree that is more than five years old.

In a new set of rules, the Union Environment Ministry will now award green credits generated for tree plantation under the Green Credit Programme (GCP) only after five years, based on a minimum canopy density of 40 per cent and tree survival.

Crucially, it said that the credit for tree plantation will be non-tradable and non-transferable, except in the case of transfer between the holding company and its subsidiary companies.

One of the key incentives of GCP was market-based trading of credits. The Green Credit Rules provide for market-based trading of the green credits on a market platform.

However, those involved in tree plantation under GCP will still be allowed a one-time exchange of green credit for compensatory afforestation obligations, to meet corporate social responsibility requirements or for other legal tree planting obligations. The credit will cease after exchanging it for compliance with legal obligations.

The new methodology to calculate green credit under GCP was notified on August 29. It replaces the methodology first notified on February 22, 2024. Under GCP, the environment ministry seeks 'voluntary actions' from companies, individuals, or groups for environmental protection activities such as [tree plantation](#), water conservation, and waste management, among others, and awards credits in return.

As per the tweaked methodology, those who have invested in [tree plantation](#) activities will earn green credits on completion of a minimum of five years of restoration activities on degraded forest land and after achieving a minimum canopy density of 40 per cent.

"The Green Credit shall be calculated based on the vegetation status, including the change in the canopy density and the number of surviving trees," the government notification stated.

EXPLAINED

Focus on quality, growth

The revised methodology for tree plantation-based green credits puts into focus the growth and survival of trees, rather than the earlier benchmark of trees per hectare. This is important as government plantation and afforestation initiatives often face criticism for not

focusing on survival, and quality and density of canopy. Revising credit generation only after a minimum of 5 years of work also stresses on health of plantations.

This replaces the earlier benchmark of awarding green credit subject to a minimum density of 1,100 trees per hectare, within two years of plantation. The notification added that one green credit will be awarded for each new tree that is more than five years old. The credit will be awarded after evaluation and verification of the restoration activities carried out by designated agencies.

Under the Green Credit Rules, companies or groups participating in tree-plantation are allotted degraded land parcels through state forest departments. The forest departments are responsible for the plantation. The notification also stated that the credit for tree plantation may be used for reporting under environmental, social, and governance leadership indicators. This will allow companies to showcase efforts taken on environmental sustainability as part of the Securities and Exchange Board's Business Responsibility and Sustainability framework.

Prime Minister [Narendra Modi](#) had launched GCP in November 2023 at the United Nations Climate Conference in Dubai to promote voluntary actions for environmental protection. So far, 57,986 hectares of degraded forest land have been registered under GCP, as per government data. Ministry officials could not be reached for a comment on the tweak in methodology.

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