induS

Indicc Initiative on Sustainable Industrialisation

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About This Newsletter

induS — *the Indicc Initiative on Sustainable Industrialisation,* is a monthly read tracking the policy, market, financial, regulatory and climate realities shaping the sustainability transition for Indian industries, with a particular focus on MSMEs.

Each issue brings together curated signals from policy, finance, technology and climate landscape, distilling what matters for enterprise owners, industry bodies, policymakers and practitioners working at the intersection of industrial growth and sustainability.

induS is for those who believe that staying informed is the first act of staying competitive at a time when capital, regulations, policies and climate, each in their own way, demanding that industry must take sustainability seriously.

Please write to us at info@indicc.in with your thoughts, suggestions and recommendations.

INDUSTRY WATCH

What India's Carbon Market Reveals About Industrial Clusters and Clean Power

India's carbon market also shows where industrial demand for clean power is concentrated. The Carbon Credit Trading Scheme covers 748 plants in eight sectors, including 255 iron and steel plants whose targets are still in draft. The ten districts with the highest covered emissions hold over a third of the scheme's carbon but only 17 percent of its plants. In Raigarh, Chhattisgarh, 16 steel plants account for 22.6 million tonnes of CO2 and draw power from the same distribution company. Eastern India accounts for 30 percent of covered emissions and 36 percent of the cuts required in the first compliance cycle.

> *The authors suggest* ***Chhattisgarh and Odisha*** *could let plants in one distribution company area* ***buy renewable power jointly and bank surplus power as a group.***

An ORF commentary argues that this concentration can be put to use. The scheme counts emissions from purchased electricity and holds the grid emission factor fixed within a compliance cycle, so a plant lowers its intensity only by buying cleaner power itself. Clustered plants could pool this demand for larger renewable projects. The authors also note limits. At an estimated USD 10 per tonne, carbon credits add only about Rs. 0.7 per unit of grid power replaced, and open-access approvals, wheeling charges and surcharges differ across states.

Read more at ORF

REGULATORY WATCH

BEE Sets Out How Carbon Credit Certificates Will Be Traded in India

The Bureau of Energy Efficiency has issued a detailed procedure, dated October 2026, for the transaction of Carbon Credit Certificates (CCCs) under the compliance mechanism of the Indian Carbon Market. It follows the CERC regulations on the purchase and sale of CCCs issued in February 2026. Entities already registered on the ICM Portal are registered automatically with the ICM Registry, without a separate application.

Trading will take place on power exchanges on the last Thursday of every month, through a closed auction that sets a single market clearing price. Obligated entities that miss their Greenhouse Gas Emission Intensity targets must buy CCCs to cover the shortfall. Certificates bought on an exchange cannot be resold. Excess certificates can be banked only for compliance in later years. Voluntary buyers that are not obligated entities can only retire them. Also, trading is not permitted even within the same corporate group.

> *Entities that place sell bids above the certificates they hold are treated as* ***defaulters.*** *Those with more than three such defaults in a quarter are* ***barred from dealing in CCCs for six months.***

Read more at BEE

FINANCE WATCH

Climate Risk Disclosure Gaps in India's Largest Mutual Funds

A study by *Climate Risk Horizons*, looked at how 12 of India's largest mutual funds disclose climate risk. Together they hold more than 80% of industry assets, and **all 12 received a score of zero on climate scenario analysis and stress testing.** None explained how different climate pathways could affect portfolio valuations or returns. The report notes that roughly two-thirds of Asian peers provide at least partial scenario disclosure. The Indian industry manages about USD 900 billion.

The study links this gap to **physical and transition risk.** It cites a McKinsey estimate that rising heat and humidity could put as much as USD 250 billion of India's annual output at risk by 2030. That pressure can reach listed companies through lower labour productivity, supply chain disruption and higher cooling costs. Firms with heavy exposure to coal, carbon-intensive industry or ageing assets could face tighter policy, higher financing costs or write-downs. The report also argues that asset managers have a fiduciary duty to act on financially material risks, which includes climate change.

> All 12 fund houses have a stewardship policy and some climate oversight, but none discloses the emissions financed through its investments.

Read more at ET Climate

CLIMATE SIGNAL

Indian industry turns to captive green power as costs and reliability drive change

Indian companies are increasingly generating or contracting renewable electricity for their own use, rather than depending wholly on state distribution companies. Steel, cement and metals lead the shift. UltraTech Cement has about 2 GW of captive renewable capacity, JSW Steel about 1 GW with another 1.5 GW under commissioning, and Ambuja Cements close to 980 MW. Tata Steel has nearly 800 MW in development.

The model is now reaching automobiles and offices. Maruti Suzuki drew nearly 23% of its manufacturing electricity from renewables in FY26 and expects 85% by FY31, with a planned spend of about Rs. 1,000 crores. Tata Motors reported about 78% renewable electricity at its passenger-vehicle operations and 51% at its commercial-vehicle operations in FY26.

A 2026 study by JMK Research found that electricity can make up as much as 40% of operating costs in secondary steel.

> *Renewable power in several states was available at **₹4.5 to ₹6 per unit**, compared with grid tariffs of **₹7 to ₹8 per unit**. For industrial consumers seeking cleaner and cheaper electricity, **group-captive procurement** emerged as one of the most scalable routes.*

Read more at ET Climate

POLICY WATCH

Beyond Energy Efficiency: How India's Secondary Steel scheme could help MSMEs

In a report published on October 2026, IEEFA looks at how the proposed National Strategy for Sustainable Secondary Steel (NSSS) can work for MSMEs. Secondary steel makes up about 47% of India's steel output and relies heavily on coal-based iron-making. IEEFA notes that as plants become more efficient, the emission cuts available from efficiency alone shrink, so further gains must come from other measures. Existing schemes leave gaps. ADEETIE excludes coal-based DRI kilns and induction furnaces, two major emission sources, and MSE-SPICE has sanctioned loans to only 14 units since 2023.

> *IEEFA points to **three areas** for cuts. **Group-captive solar** could supply power at tariffs 34 percent below grid rates, with equity recovered within two years. **Using scrap** cuts raw-material emissions by around 58 percent, and 30 percent scrap with 50 percent renewable power could lower emission intensity by 28 percent. **Pellets, automated controls and waste heat recovery** add efficiency gains.*

The steel ministry plans to link NSSS support to annual emission cuts, not upfront subsidies. IEEFA proposes partial loan guarantees and interest rebates tied to verified emission reductions for proven technologies. For emerging ones such as hydrogen-based ironmaking, it proposes milestone-based capital grants. Support would require verified efficiency benchmarks, no new coal-based capacity and at least ZED Bronze certification. In IEEFA's assessment, a model that pays only for results will not work for MSMEs, because banks may hesitate to lend against future incentives.

Read more at IEEFA

LEGISLATIVE SIGNAL

Why a Law on Late Payments Matters for MSME Green Upgrades

Over Rs. 55,000 crores in payment claims have been brought before MSE Facilitation Councils. More than 46,000 cases are under consideration and over 44,000 applications are yet to be taken up. The MSMED (Amendment) Act, 2026 is Parliament's response, and it is already working in part.

Since 15 October, central public sector enterprises must settle invoices from MSMEs through the TReDS platform. Registration is free and voluntary, states can set up more Facilitation Councils, and a first lapse in disclosing unpaid dues draws a warning, not a penalty. Sections 8 to 10, which set the dispute timelines, the recovery of awards and the rule on payment during appeals, have no commencement date yet.

> *Money stuck with a large buyer cannot go into a more efficient furnace, a solar roof or a cooling system. Faster settlement through **TReDS** and faster dispute resolution return that cash to the enterprise sooner.*

Read more at PIB