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MCX eyes India Inc with Asia's first carbon credit platform

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Multi-Commodity Exchange, Asia's first commodity exchange to launch carbon credit futures contracts, is looking to tap Indian companies seeking to gain from adoption of clean technology and saving on energy usage.

MCX, the country's leading comex, last week launched the futures trading in carbon credit contracts. The launch would benefit Indian companies considerably, as the country is likely to generate 140 million carbon credits, MCX's joint managing director Lamon Rutten said.

"The international market for trading in carbon emissions is estimated to be in the range of $60-70 billion annually. India is among the global leaders having generated close to 30 million carbon credits and roughly another 140 million in the pipeline for sale, making it one of the largest beneficiaries in the trade," Rutten said.

"The launch of futures trading in carbon credits on MCX has provided a platform for Indian companies to be able to benefit from the adoption of cleaner technologies," Rutten said. Launching of carbon credit futures on the Indian trading platform will provide transparency to markets and help producers earn remunerative returns out of environmentally clean projects, MCX's deputy managing director Joseph Massey said.

"Indian companies have been at the forefront of innovation in use of technology and green field products. Carbon futures are an ideal platform for these enterprises to get rewarded for adopting eco-friendly practices. With the launch of futures trading in carbon credits, we have taken another major step towards becoming the nation's growth engines," Massey said in a statement. Under the Kyoto Protocol, carbon credits, or carbon emission reduction certificates, are issued by the Clean Development Mechanism Executive Board, an international body to register projects and issue credits.



For each reduced ton of carbon dioxide emission, an organisation receives a carbon emission certificate, which it can sell, either immediately or through a futures market, just like any other commodity. Carbon trading is carried out under an UN-mandated international convention on climate change.