Government of India Revises GHG Emission Intensity Targets for Petroleum Refineries and Textile Sector

The Government of India has notified the **Greenhouse Gases Emission Intensity Target (Amendment) Rules, 2026**, revising greenhouse gas (GHG) emission intensity targets for the petroleum refinery and textile sectors under the country's emerging carbon market framework.

Issued by the Ministry of Environment, Forest and Climate Change (MoEFCC), the amendment modifies the Greenhouse Gases Emission Intensity Target Rules, 2025 by replacing the existing compliance targets for obligated entities operating in the two sectors. The revised targets form part of the implementation of the Carbon Credit Trading Scheme (CCTS), India's market-based mechanism aimed at reducing industrial emissions while promoting cost-effective decarbonisation.

The Carbon Credit Trading Scheme was introduced to create a domestic carbon market that rewards industries achieving emission reductions beyond prescribed benchmarks while encouraging lagging facilities to improve their environmental performance. Sector-specific emission intensity targets serve as the cornerstone of this framework, enabling industries to measure, verify, and trade emission reductions.

The petroleum refining industry, one of the country's most energy-intensive sectors, is expected to play a critical role in India's climate transition. Refinery operations involve significant fuel consumption and process emissions, making energy efficiency improvements and low-carbon technologies central to achieving future emission reduction goals. The revised targets are expected to encourage investments in process optimization, energy recovery systems, cleaner fuels, renewable energy integration, and advanced technologies for reducing carbon intensity.

The textile sector, meanwhile, has emerged as a key focus area amid growing sustainability expectations across global apparel supply chains. International brands and retailers are increasingly seeking suppliers capable of demonstrating measurable reductions in carbon emissions, particularly as environmental regulations tighten in major export markets. The updated emission intensity targets are likely to accelerate investments in renewable energy, efficient boilers, modern processing machinery, waste heat recovery, and cleaner manufacturing practices across textile mills and processing units.

Industry stakeholders believe that the revised benchmarks will further integrate climate considerations into business strategy. Companies that outperform the prescribed targets may benefit from the generation and sale of carbon credits, while those unable to meet compliance requirements could face additional obligations within the carbon trading framework.

The amendment reflects the government's broader efforts to operationalize India's carbon market ecosystem and align industrial growth with national climate commitments. By refining sector-specific emission benchmarks, policymakers aim to create stronger incentives for emissions reduction while preserving industrial competitiveness.

With petroleum refining and textiles accounting for significant economic activity and energy consumption, the revised targets are expected to influence investment decisions, sustainability strategies, and operational practices across both industries. The move also signals the government's intent to progressively strengthen the role of market-based mechanisms in driving industrial decarbonisation and supporting India's long-term net-zero ambitions.

As the Carbon Credit Trading Scheme continues to expand, the latest amendment marks another important step in establishing a transparent and measurable framework for reducing emissions across India's industrial landscape.

Context

- Issued under the **Energy Conservation Act, 2001** and the **Environment (Protection) Act, 1986**.
- Builds on the **Carbon Credit Trading Scheme, 2023** and the earlier **GHG Emission Intensity Target Rules, 2025**.
- Expands coverage to additional sectors: **secondary aluminium, petroleum refineries, petrochemicals, and textiles**.

Main Amendments

1. Petroleum Refinery Sector

- A detailed schedule replaces earlier entries for refineries.
- Each refinery is assigned:
  - Baseline crude throughput (2023–24).
  - Baseline GHG emission intensity (tCO_2e per MBBLS/NRGF).
  - Targets for compliance years **2025–26** and **2026–27**.

2. Textile Sector (Spinning Sub-sector)

- Introduces emission intensity targets per tonne of equivalent product output.

Implications

- These rules **tighten emission intensity targets** for high-emission industries.
- They align with India's broader climate commitments under the **Paris Agreement** and domestic carbon trading framework.
- Refineries and textile mills must progressively reduce emissions intensity by **2026–27**, with sector-specific baselines and compliance pathways.

Source: Ministry of Environment, Forest and Climate Change Notification G.S.R. 794 (E)