

# IMPLEMENTING GREEN CONTRACTS

Relevant for: Developmental Issues | Topic: Government policies & interventions for development in various Sectors and issues arising out of their design & implementation incl. Housing

The increasing concerns about climate change once again point to the need for enhanced efforts towards achieving sustainable growth goals in India. While the massive levels of production, consumption and disposal of goods and services have their own set of benefits in a post-industrial society, they have also slowed down the replenishment cycle of limited resources.

As both consumers and corporations reap the benefits of large-scale manufacturing and services, they must equally share the responsibilities relating to the loss of resources and reduce greenhouse gas emissions. While much has been discussed on the operational ways of cutting down carbon emissions, this article focuses on how Indian corporations can be a major character in the country's story of sustainable growth. Some corporations contribute a fair share to building a clean and sustainable future. But here we discuss how they can contribute to cutting down emissions through the process of green contracting.

'Green contracts' refer to commercial contracts which mandate that contracting parties cut down greenhouse gas emissions at different stages of delivery of goods/services, including design, manufacturing, transportation, operations and waste disposal, as applicable to the industry. The process of implementing a green contract may commence at the bidding stage itself, when various interested companies participate in the tender process. In such a scenario, a 'green tender' may prescribe necessary 'green qualifications', which can be considered when awarding the contract to a bidder. These green qualifications can range from using a pre-defined percentage of 'green energy' in service delivery to adequate on-site waste management, reducing carbon emissions by a certain level over period of time, etc. Once such a bidder is chosen, the contracting agreement between the parties can prescribe the 'green obligations' in detail, thus making the obligations binding and enforceable in the eyes of the law. It is this obligatory nature of green contracts which sets the tone for the parties to cut down emissions. This can be achieved by contractual clauses providing for the use of good quality and energy-efficient infrastructure for production of goods/services, efforts in day-to-day operations such as reducing noise, air and water pollution and ensuring eco-friendly means of transportation like bicycles on site, establishing and maintaining a sustainable waste management system, and so on.

One effective way to make sure that the service providers adhere to these contractual obligations would be to provide for measurement criteria and audit of the performance of the contractor with regard to these obligations. An organisation may also choose to contractually highlight non-performance of such obligations as a ground of contractual breach, with penalty prescriptions. Another way to make sure that these obligations under the green contracts resonate far is to make sure that they flow down to all levels of the supply chain engaged in the delivery of goods and services.

Naturally, the degree of effecting a green contract will depend on the type of contract and the industry to which it relates. However, in the absence of any mandatory rules in this respect, it is the confidence and consideration of India Inc. towards green contracting which can aid the attainment of sustainable growth goals. The service recipients can also themselves undertake thorough assessments on their current standing on greenhouse gas emissions, and initiate relevant processes to contribute their share in India's green sustainable future.

Having said that, it is but natural to bear in mind the economic efficiency in awarding and

executing green contracts. The economic cost of executing green contracts may be greater than a normal brown contract, but global entities operating in a changing environment need to take into consideration the greater environment costs at stake.

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To reassure Indian Muslims, the PM needs to state that the govt. will not conduct an exercise like NRC

**END**

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