



ICRA



ICRA's CLIMATE SERIES

India - Japan Joint Crediting Mechanism (JCM)

JCM's strong RE track record supports India's NDC targets and is a key milestone for carbon market

 JANUARY 2026

CLIMATE CHANGE

The biggest crisis of our time

#35YearsofUnwaveringCredibility



Click to see full report

With the JCM's strong record in RE deployment, Japanese companies are well-placed to help reduce a significant share of emissions from India's power sector, which accounts for over half of the country's total GHG emissions.

As CCTS trading begins in late 2026, India is set to become a major global carbon market, and the JCM represents an important step in that direction.

- Japan's Nationally Determined Contribution (NDC), submitted to the United Nations, commits the country to reducing greenhouse-gas (GHG) emissions by 73% by FY2040 compared with FY2013 levels—a year that marked Japan's highest emissions since 1850.
 - The Joint Crediting Mechanism (JCM) is one of the Government of Japan's (GoJ) key international tools to help achieve global emission reductions by supporting low-carbon projects overseas. Launched in 2013, the JCM operates as a bilateral carbon-market mechanism through which the GoJ partners with other countries to implement and credit GHG-reduction initiatives. The GoJ plans to reduce more than half of its GHG emission reduction target through this mechanism.
 - Under the JCM, the GoJ finances and deploys advanced low-carbon technologies in developing countries, and in return receives carbon credits for a portion of the resulting emission reductions. These credits are applied toward Japan's own climate-mitigation targets.
 - Host countries also benefit by accessing clean technologies, capacity-building support and a share of the emission-reduction credits, which contribute to achieving their respective NDCs.
-
- The GoJ has entered into JCM partnerships with 31 countries, with India being among the latest to join. A Memorandum of Cooperation (MoC) between India and Japan includes features like technology transfer, investment for clean projects, joint decision-making, clear project rules, and carbon-credit trading under Article 6.2.
 - India will be able to access modern low-carbon technologies, attract foreign investment, build skills and move towards more sustainable economic growth with the JCM.
-
- More than 50% of India's GHG emissions come from the power sector. Given the JCM's strong track record in energy (RE) deployment, Japanese companies are well-positioned to help address a substantial portion of emissions from India.
 - By channeling Japanese investment and technology through the JCM, India can lower its carbon intensity and expand the share of clean energy in its national grid—advancing two key objectives of India's NDC.
-
- India's carbon market has evolved from a fragmented, voluntary system to a structured, regulation-driven one. With Carbon Credit Trading Scheme (CCTS) trading set to start in 2026, India is poised to become a major global carbon market. The JCM partnership further strengthens India's shift toward a robust, internationally aligned carbon-market framework.



ICRA

Analytical Contact Details

Name	Designation	Email	Contact Number
Aditi Nayar	Chief Economist, Head – Research and Outreach	aditin@icraindia.com	0124 - 4545 385
Madhura Nejjur	Assistant Vice-President	madhura.nejjur@icraindia.com	022 - 6114 3417





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Sai Krishna	Head - Research Sales and Investor Connect	sai.krishna1@icraindia.com	9840774883
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – East	vinita.baid@icraindia.com	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	shivam.bhatia@icraindia.com	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	sanket.kulkarni@icraindia.com	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





© Copyright, 2026 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

#35YearsofUnwaveringCredibility



ICRA

35
Years of
Unwavering
Credibility

Thank You!

#35YearsofUnwaveringCredibility

Sensitivity Label : Public