

# 'Small cos can join the carbon credits party'

**M. Ramesh**

Chennai, June 23

When one Ahmedabad-based small scale company, whose turnover last year was Rs 15 crore, shut its coal and furnace oil-fired furnaces and switched over to biomass-fired ones, it got luckier than it thought.

The company produces aluminosilicate — used in the manufacture of toothpastes and glucose. Thanks to the switch, the company (name withheld at request) will generate at least 50,000 certified emission reductions (CERs) annually, the value of which is not less than Rs 3.35 crore, or 20 per cent of its last year's turnover.

Now, armed with the extra rupees, the company is planning a Rs 17-crore bottling plant, for either Pepsi or Coca Cola. The plant will use the flue gases from the chimneys of the silicate factory, purify them and use the food grade carbon di-oxide to make aerated drinks.

► *India SME Technology Services Ltd, which is a joint venture of SIDBI, Indian Bank, Oriental Bank of Commerce, IOB and SBI, has started offering 'CDM advisory services' to SMEs.*

Thanks to a mechanism that has evolved over the last one year, small companies need not be left out of the carbon credits party.

India SME Technology Services Ltd (ISTSL), which is a joint venture of Small Industries Development Bank of India, Indian Bank, Oriental Bank of Commerce, Indian Overseas Bank and State Bank of India, has started offering 'CDM advisory services' to SMEs. This company aggregates CERs from various units into economically viable lots of at least 25,000 CERs and sells them under a bilateral agreement to KfW, the German multilateral lending agency.

## **CARBON TRADING CLUSTERS**

Mr Chandrasekhar Thanvi, Chief Executive Officer, India SME Technology Services, told *Business Line* that the company has identified some 30 industrial clusters in the country for carbon trading.

One of the clusters identified is the 'Salem SAGO and Starch' cluster in Tamil Nadu, where around 400 units are engaged in producing starch from tapioca. The waste generates methane, a greenhouse gas. Now, the plan is to trap the methane and burn it for power generation — the units not only produce enough electricity for themselves, they also cut methane emission and thereby generate CERs.

Similarly, there is good CER potential in the Jamnagar cluster, where around 700 units produce castings made of brass. Mr Thanvi, who visited the cluster a few days ago, says that each unit consumes about 300 kg of coal, though natural gas is available only 15 km away. So, the company is working towards a project for a shift from coal to gas.

Some of the other clusters identified by the company are: Howrah (foundry), Khurja (pottery), Ferozabad (glassware), Faridabad (auto components), Gurgaon (auto components), Panipat (textiles) and Bikaner (ceramics).

In all these places, India SME Technology Services intends to replicate its experience in Ludhiana, where some 300 units engaged in forgings and engineering changed the burners in their furnaces, leading to saving in fuel consumption. Each unit spent about Rs 25 lakh for this, but the cluster will earn Rs 50 crore annually from selling CERs.