

BIODIVERSITY OFFSET IMPLEMENTATION IN INDIA

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ABSTRACT

The Industrial Revolution and subsequent technological advancements have driven socio-economic progress but often at the cost of environmental degradation, leading to climate change and biodiversity loss. To mitigate these impacts, sustainable business practices, such as biodiversity offsets, must be prioritized. Biodiversity offsets are measurable conservation efforts aimed at compensating for ecological damage caused by development projects. The International Financial Corporation's mitigation hierarchy suggests avoiding, minimizing, restoring, and, as a last resort, offsetting biodiversity loss. While industries currently consider biodiversity offsets only when undertaking development projects, this chapter proposes that corporations should adopt them as a Corporate Social Responsibility (CSR) initiative, independent of project requirements. Under Section 198 of the Companies Act, 2013, companies must allocate 2% of their average net profits from the past three years to CSR activities, which can include biodiversity offset projects. This approach offers multiple benefits: enhancing corporate goodwill among eco-conscious investors, contributing to environmental restoration, and enabling pre-emptive offsetting for future developments. Unlike compensatory afforestation under the Forest Conservation Act, 1980, which focuses solely on reforestation, biodiversity offsets ensure holistic ecosystem restoration. Given the increasing threats posed by climate change, corporations must proactively invest in biodiversity offsetting to support sustainability and environmental resilience.

Keywords: *Biodiversity Offsets, CSR, Sustainability, Ecosystem Restoration, Mitigation Hierarchy*

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