Landscape of Green Finance in India

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The study reports on actual spending and investment data from public and private sector for both domestic and international sources.
Green finance flows, while increasing, are falling short of India’s estimated needs.

Finance required: 1,100,000 INR Crores

24% of estimated needs to meet NDCs
Domestic sources account for 85% of total green finance.

The share of international sources increased from 13% in FY2019 to 17% in FY2020.
Debt accounts for about 50% of total finance flows, equity for 26%, and government and budgetary expenditure at about 19%.
Total fund flow towards mitigation was almost equally split between clean energy (42%) and energy efficiency (38%) and were significantly higher than clean transport (17%).
Flows to all sectors increased.

However, these flows were limited to certain sub-sectors such as solar in clean energy segment and Mass Rapid Transport System (MRTS) in clean transport segment.
ADAPTATION FINANCE
Tracked flows showed major contribution by Government

**Flood and cyclone mitigation** received the largest portion of funds

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>94%</td>
<td>Government Budgetary Expenditure 34,837</td>
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<tr>
<td>International</td>
<td>5%</td>
<td>Low-cost project debt 1,934</td>
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<tr>
<td></td>
<td>1%</td>
<td>Grant 152</td>
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What are the challenges?

Difficulty in Green Tagging

The lack of a harmonized green finance taxonomy in the country, and non-standardized reporting of data, makes green tagging of entries arbitrary.

Non-availability & trackability of disbursements

Disbursements vs. commitments

Committed amounts are often disbursed over several years.

Variation in granularity, format & categorisation

Information on budgets and private projects vary in granularity. These can also be issued under different categories, making tracking difficult.
How do we fill the green finance gap?
Growth by 150% is appreciable; Further accelerated growth in finance flows required to achieve NDC and Panchamrit targets

There is a need to diversify green finance flows and to mainstream adaptation finance.

<table>
<thead>
<tr>
<th>Policy and Regulation</th>
<th>Data Collection and Reporting</th>
<th>Market based Incentives</th>
<th>Adaptation Investment Plans</th>
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<tbody>
<tr>
<td>• Green taxonomy</td>
<td>• Green tagging in budgeting</td>
<td>• Promoting innovative financial products and de-risking green investments</td>
<td>• These plans can point to priority action areas, and guide both public and private action.</td>
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<td>• Policy interventions for improving technology and mainstreaming supply in priority sectors</td>
<td>• Standard disclosure requirements</td>
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<td></td>
<td>• An integrated Measurement, Reporting and Verification system</td>
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Contact –

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Thank You