

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA  
UNSTARRED QUESTION NO 114  
TO BE ANSWERED ON 21<sup>st</sup> JULY 2025

**GREEN FINANCING**

114. Shri Y S Avinash Reddy

Will the **Minister of FINANCE** be pleased to state:

- (a) whether there is indeed a growing case for green financing around the world;
- (b) if so, the steps taken by the Government to promote and boost green financing in the country;
- (c) whether the Government is planning to provide preferential treatment for financing related to green and sustainable projects; and
- (d) if so, the details thereof and if not, the reasons thereof?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF FINANCE**  
**(SHRI PANKAJ CHAUDHARY)**

(a) Green financing is gaining traction globally as countries seek to implement their commitments under the UNFCCC and its Paris Agreement.

(b) to (d) Green financing is being promoted through several policy and regulatory measures in addition to direct budgetary support under the National Action Plan for Climate Change and production-linked incentive schemes for high-efficiency solar photovoltaic modules, advanced chemistry cell battery storage systems, and the automotive and auto-component sectors.

Further, SEBI introduced the regulatory framework for the issuance of green debt securities as a mode of sustainable finance in 2017, which was revamped to expand the scope of the definition of 'green debt security' to cover pollution prevention and control, eco-efficient products, etc. The regulator has also introduced the blue bonds (related to water management and the marine sector), yellow bonds (related to solar energy) and transition bonds as sub-categories of Green debt securities. International Financial Services Centres Authority of India has also specified the necessary regulatory framework to encourage the growth of Green Bonds, Social Bonds, Sustainability Bonds, Sustainability-linked Bonds and other labelled bonds.

In addition, the Government of India introduced the Sovereign Green Bonds in 2022 to mobilise resources for eligible green projects across Ministries. Other measures, such as the RBI's 'Framework for Acceptance of Green Deposits', aim at fostering and developing the green finance ecosystem in the country. Further, bank loans for renewable energy projects up to a limit of ₹30 crore are eligible under the Priority Sector lending.