

Govt Identifies ₹25,000 crore Projects for Green Financing

Clean transportation, renewable energy segments to get funds

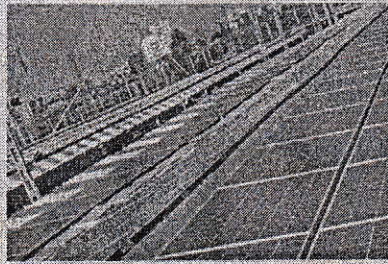
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New Delhi: The government has identified projects worth ₹25,000 crore that will be financed by proceeds from sovereign green bonds issued in the current fiscal and the next as part of its green-funding push, officials said. The projects already identified for green financing are largely in renewable energy and clean transportation segments, one of them said.

"This money is being raised for a very specific purpose, so it will be utilised strictly in stipulated green projects," he said, adding that more green projects are expected to be identified for funding later.

A green finance working panel, headed by chief economic adviser V Anantha Nageswaran, has been mandated to select projects from the proposals submitted by various government departments.

The government had announced



plans to raise ₹16,000 crore through green bonds in two equal tranches in the current fiscal, and the first tranche – the country's first issuance of sovereign green bonds – in January drew a robust response, with orders exceeding the offer size of ₹8,000 crore by more than four times.

It earned the bonds 5-6 basis points in "greenium", which essentially means a favourable yield spread compared to similar issues without green credentials.

Next fiscal's green bond issues are likely only in the second half of the year, after closely watching utilisation of the funds raised this year, of-

officials cited above said.

"The government has no plan to raise money through this route and hold it in its account for months. It will do so when it's sure that the money so raised will be put to immediate use," one of them said.

Senior finance ministry officials have ruled out tax concessions for FY24 issuances despite fresh demands from a section of market participants.

The green bonds proceeds will be part of the government's overall market borrowing programme for the relevant year. The government will announce its market borrowing calendar for the first half of FY24 in the last week of March.

According to the framework approved by finance minister Nirmala Sitharaman, the sovereign green bonds will focus on financing public projects across nine areas including renewable energy, climate change, clean transportation, sustainable water and waste management, and pollution control.