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Green & Blue: Niti to Draw Up Plan to Bond with Investors

Aimed at pushing sustainable green financing

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New Delhi: The government is considering measures to make green and blue bonds attractive to investors, including changes to the pricing regulations and ways to deepen the bond market. The move is aimed at giving a big push to sustainable green financing of projects, said a senior official.

The NITI Aayog has been tasked to look at ways to scale up issuances of green and blue bonds and come up with a detailed action plan based on global best practices, said the official, adding that the think tank will also look at ways to make the bonds more accessible. The Aayog will submit its suggestions to the market regulator, the Securities and Exchange Board of India.

"The idea is to bring transparency to the bond market by providing relevant information to the investors who want to assess and compare securities that claim to be green or blue," said the official, who did not wish to be identified. "However, nothing has been firmed up yet."

Green bonds are debt instruments aimed at raising investments for green projects, including renewable and sustainable energy, clean transportation, climate change adaptation and sustainable waste management.

Blue bonds, on the other hand,

Going Green

NITI plans to scale up green and blue bond markets

Will come up with a detailed action plan, global best practices

Could suggest simplified regulatory regime, lucrative pricing

Aim is to attract investors and raise funds for sustainable financing



It expects to bring in transparency into the system

Attempt is to ward off fears of greenwashing



support the sustainable use of ocean resources and improve livelihood and development while preserving the ocean ecosystem. They are used to finance projects such as sustainable fishing, ocean resource mining and efforts to rejuvenate degraded coral reefs.

But experts say lack of liquidity, low yields and greenwashing remain a key concern.

"Lack of incentives for issuance of green bonds and absence of a dedicated scheme has kept demand for such bonds very low in India," said Ajay Manglunia, managing director, JM Financials.