

SUSTAINABLE FINANCE: STEERING INDIA TOWARDS A GREENER FUTURE

Abstract

Sustainable finance has emerged as a crucial instrument for driving India's transition towards a low-carbon, resilient, and inclusive economy. With rising climate risks and ambitious national targets, including achieving net zero by 2070, financing mechanisms aligned with sustainability are pivotal. This article explores India's sustainability mission, climate policy evolution, Viksit Bharat initiatives, the green bond market, electric vehicle financing landscape, and the growing role of investor awareness in advancing sustainable finance. It further analyses the Union Budget 2024–25 as a step towards green economic growth and highlights the pathways for India to achieve its net-zero commitments. By bridging policy frameworks, financial innovation, and institutional engagement, sustainable finance not only supports India's climate agenda but also strengthens its position in the global transition towards a greener future.

Sustainability Mission: Unleashing a Journey towards Green Finance

India's sustainability mission represents a critical turning point in the country's financial and economic planning. Sustainable finance integrates environmental, social, and governance (ESG) factors into decision-making processes, ensuring that capital allocation promotes resilience, inclusivity, and environmental preservation. Initiatives such as the International Solar Alliance, National Hydrogen Mission, and green financing policies underscore India's intention to position sustainability at the heart of financial development. Green finance promotes investments



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in renewable energy, clean mobility, sustainable agriculture, and waste management, thereby linking economic growth to environmental stewardship.

Emergence of Climate Policy Envisaging a Greener Future

The emergence of climate policy in India reflects growing recognition of climate risks and the necessity of integrating sustainability in policymaking. The National Action Plan on Climate Change (NAPCC), along with its state-level counterparts, laid the foundation for renewable energy adoption, energy efficiency, and sustainable agriculture. Recent policy frameworks emphasize the need for green taxonomies, carbon trading mechanisms, and climate disclosure norms to

mobilize capital. By aligning climate policy with developmental priorities, India aims to balance growth with environmental responsibility.

Viksit Bharat Initiatives for Funding Climate-related Companies

The vision of *Viksit Bharat* by 2047 includes promoting sustainable economic models with strong emphasis on climate finance. Government initiatives seek to channel funds into green infrastructure, renewable projects, and low-emission industries. Schemes such as the Production Linked Incentive (PLI) for solar and batteries, and priority sector lending for green enterprises, demonstrate the government's resolve to fund companies aligned with climate goals. These measures foster innovation while also creating employment and supporting a green industrial transition.

India's Green Bond Market

India's green bond market has gained traction as a mechanism to raise capital for environmentally friendly projects. The first sovereign green bond issuance in 2023 signaled India's intent to mainstream climate finance. Corporates, banks, and municipalities are increasingly issuing green bonds to fund renewable energy, public transport, and water conservation projects. Regulatory guidelines from SEBI on green debt securities have provided credibility and transparency, attracting both domestic and global investors. The expansion of this market reflects India's growing financial innovation in climate solutions.

India's EV Financing Landscape to Align with Climate Priorities

Electric vehicle (EV) adoption is central to India's decarbonization strategy. However, high upfront costs and limited financing have been key challenges. To address this, financial institutions and fintechs are offering customized EV loans, leasing options, and battery-as-a-service models. Public sector banks and multilateral development banks are extending concessional finance to accelerate EV adoption. By improving affordability and infrastructure financing, India's EV financing ecosystem aligns with its climate goals while building a sustainable mobility future.

Sustainable Finance and Investor Awareness

Investor awareness is a cornerstone of sustainable finance. The growing trend of ESG investing reflects rising demand for transparency and accountability in corporate practices. Regulatory interventions such as the Business Responsibility and Sustainability Reporting (BRSR) framework have enhanced disclosures, enabling informed investor decisions. Financial literacy campaigns and sustainable investment products encourage retail participation, making green finance more inclusive. By bridging the gap between institutional investors, regulators, and the public, India is fostering a more sustainable investment ecosystem.

Union Budget 2024–25: Decoding a Sustainable Path to Combat Climate Change

The Union Budget 2024–25 reflects India's commitment to addressing climate change through targeted allocations. Provisions for renewable energy expansion, viability gap funding for offshore wind, incentives for EV manufacturing, and investments in sustainable agriculture highlight the government's green priorities. The budget also emphasizes climate-resilient infrastructure and enhanced credit availability for green enterprises. Such fiscal measures bridge policy with action, steering India towards its sustainability commitments while supporting economic competitiveness.

India's Journey Towards Net Zero by 2070

India's pledge to achieve net zero by 2070 represents both an opportunity and a challenge. Achieving this goal requires coordinated action across energy, transport, agriculture, and industry. Scaling renewable energy to 500 GW by 2030, promoting green hydrogen, and strengthening carbon markets are crucial milestones. International climate finance, technology transfer, and public-private partnerships will play a key role in meeting targets. Sustainable finance mechanisms remain central to this journey, ensuring that India's growth is both inclusive and environmentally sound.

Case Studies and Recent Statistics (2025)

A significant example of sustainable finance in India is the issuance of sovereign green bonds in

2023 and 2024, which raised approximately INR 160 billion (\$2 billion) to finance renewable energy, clean transportation, and climate adaptation projects (World Bank, 2023). According to the Climate Bonds Initiative (2024), India's sustainable debt market reached nearly USD 30 billion in cumulative issuance, demonstrating strong investor appetite.

In 2025, new data highlights India's accelerated progress:

- ⊙ The Reserve Bank of India reported that green bond issuance in India crossed USD 13.6 billion in FY 2024–25, marking a 25% year-on-year growth.
- ⊙ EV financing expanded significantly, with more than 1.8 million electric vehicles sold in 2024, a 42% rise from 2023 sales (ICCT, 2024).
- ⊙ India installed 15 GW of renewable capacity in 2024, pushing the total to 145 GW, keeping the country on track toward its 2030 target of 500 GW.
- ⊙ The Union Budget 2024–25 allocated INR 35,000 crore (USD 4.2 billion) for energy transition, green hydrogen, and grid modernization (EY, 2024).

Case studies such as the Delhi Metro Rail Corporation's (DMRC) green bond-funded clean transport initiatives and Tata Power's renewable energy expansion show how sustainable finance is transforming both public and private sectors.

These real-world examples underscore the power of finance in aligning India's development with its climate goals.

Conclusion

Sustainable finance stands at the intersection of India's developmental and environmental priorities. By promoting green bonds, EV financing, investor awareness, and climate-focused policies, India is steadily steering towards a low-carbon economy. The Union Budget 2024–25 reinforces this direction by linking fiscal strategy with sustainability. As India progresses towards its net zero target by 2070, collaboration between government, private sector, and civil society will be pivotal. Sustainable finance not only addresses climate risks but also unlocks opportunities for innovation, resilience, and inclusive growth, making it a cornerstone of India's greener future. **MA**

References

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Obituary



**CMA (Dr.)
Parasuraman N.R.**

The Institute and its members deeply mourn the demise of Mysuru Chapter Member, CMA (Dr.) Parasuraman N.R. on 26.08.2025.

He was the director of SDMIMD, (Shri Dharmasthala Manjunatheshwara Institute for Management Development) Mysuru from 2011-2023. He was instrumental in assisting Mysuru chapter in conducting many Institute's seminars in the SDM IMD Auditorium and he was always there in extending his hand in the Institute's activities.

May God bless the family to have the courage and strength to overcome the irreparable loss.