

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO 1348

TO BE ANSWERED ON 11th MARCH 2025

CLIMATE FINANCING

1348 Smt. Renuka Chowdhury:

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

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- a) whether Government has estimated the economic loss due to climate-induced events, such as droughts, floods and heatwaves, if so, the details thereof;
- b) whether Government is taking any steps to incorporate climate risks into inflation forecasting and fiscal policy frameworks, if so, the details thereof; and
- c) the manner in which Government is promoting green finance, such as green bonds, to support climate-resilient infrastructure and industries?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

a) India's Third National Communication submitted to the United Nations Framework Convention on Climate Change (UNFCCC) in 2023 has reported that India is experiencing climate change impacts, ranging from floods and droughts to heatwaves and glacier melt.

b) Monthly estimates of inflation are released by the Government for stabilising supply and demand management of the country. The fiscal policy framework, inter alia, includes implementation of the National Action Plan on Climate Change (NAPCC) which is the overarching framework for climate actions. One of the guiding principles of NAPCC is on protecting the poor and vulnerable sections of society through an inclusive and sustainable development strategy that is sensitive to climate change. The NAPCC comprises of national missions in specific areas of solar energy, enhanced energy efficiency, water, agriculture, Himalayan ecosystem, sustainable habitat, green India, human health and strategic knowledge on climate change. All these missions are institutionalized and implemented by their respective Nodal Ministries/Departments through various schemes and programs across many sectors including water, health, agriculture, forest and biodiversity, energy, housing, etc.

c) Green finance in India is advancing through various initiatives and climate risk disclosure frameworks. Proceeds from sovereign green bonds (SGrBs) are allocated to eligible green projects across Ministries, aiming to reduce carbon intensity. So far, SGrBs worth ₹36,000 crore have been issued by the end of the financial year 2023-24. The RBI's Framework for Green Deposits encourages financial resources for green activities, while renewable energy projects qualify for priority sector lending. SEBI has introduced a regulatory framework for green debt securities, including transition, blue, and yellow bonds, to support climate-resilient infrastructure. In addition, SEBI has also introduced sustainability reporting and mandatory environmental, social and governance (ESG)-related disclosures, which cover 1000 top-listed companies to reflect their climate resilience. India's International Financial Services Centres Authority 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.
