

Government of India
Ministry of Finance
Department of Economic Affairs

LOK SABHA
STARRED QUESTION NO. *97

TO BE ANSWERED ON MONDAY, FEBRUARY, 8TH 2021/ MAGHA 19, 1942
(SAKA)

GREEN BONDS

***97.** Shri Jasbir Singh Gill

Will the Minister of FINANCE be pleased to state:

- (a) steps taken by government to promote local currency bond financing through domestic institutional investors;
- (b) whether the Government is considering a Green Investment Mandate for domestic institutional investors in India to catalyze the market for Green Bonds;
- (c) if so, details thereof and if not, the reasons therefor;
- (d) whether the government has held awareness sessions with the investors to apprise them about green bonds as an asset class; and
- (e) if so, the details thereof?

ANSWER
MINISTER OF FINANCE
(SMT. NIRMALA SITHARAMAN)

(a) to (e) : A statement is laid on the Table of the House.

Statement referred to in the reply to part (a) to (e) of the LOK SABHA Starred Question no *97 raised by Shri Jasbir Singh Gill due for reply on 08th February, 2021 regarding “Green Bonds”.

(a): The Government as well as Securities and Exchange Board of India (SEBI), the market regulator for listed securities including bonds, has taken various steps to promote the development of the corporate bond market, which is dominated by domestic institutional investors. Some of the recent measures taken are as under:

- (i). Introduced the framework for Debt Exchange Traded Funds (ETFs)/Bond Index Funds under which ‘Bharat Bond ETF’ has been launched.
- (ii). Investment guidelines for institutional investors have been modified by the government and PFRDA to lower the minimum rating from 'AA' to 'A' for the investible bonds.
- (iii). For facilitating the bilateral negotiations in secondary market trading of corporate bonds a platform has been developed by exchanges to seek a quote and to respond to a quote, while keeping an audit trail of all interactions. Institutional investors have been mandated by their respective regulators to undertake a specified percentage of their transactions in corporate bonds through such platform.
- (iv). The timelines for listing of securities issued on private placement basis has been reduced to 4 days from 15 days from the date of closure of issue, so that institutional investors not only secure allotments but also liquidate their investments faster.
- (v). An operational framework has been introduced for transactions in defaulted debt securities post maturity/ redemption date, so that domestic institutional investors have an avenue to liquidate their investment through potential buyers who may see value in such investments.
- (vi). A uniform enforcement structure, including imposing fines on issuers of listed debt securities for non-compliance with continuous disclosure requirements has been put in place to enhance the culture of compliance in the market.

(b) & (c): Government has not given any Green Investment Mandate for domestic institutional investors in India to catalyze the market for green bonds. However, SEBI has provided for a regulatory framework, vide its circular dated May 30, 2017, wherein it is specified that a debt security shall be considered as “Green” or “Green Debt Securities”, if the funds raised through issuance of the debt securities are to be utilized for the specified project(s) and/or asset(s) mentioned in the said circular.

(d) & (e): SEBI undertakes various investor education and awareness activities such as mass media campaign, workshops etc. to create awareness on relevant issues in securities market and to protect the interests of investors in securities market. However, no awareness program specifically on Green Bonds has been conducted by SEBI.
