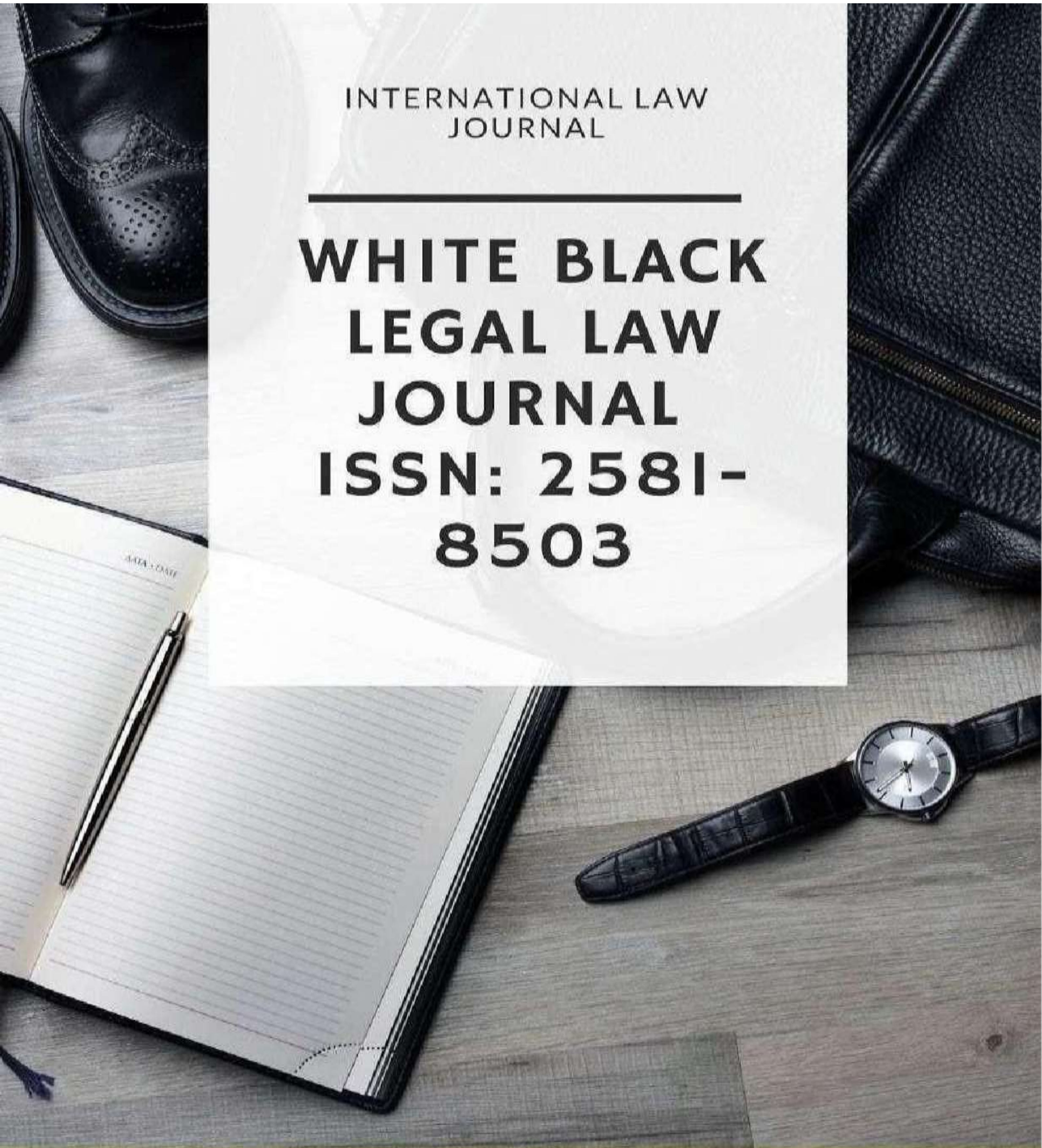

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ABOUT US

WHITE BLACK LEGAL is an open access, peer-reviewed and refereed journal providededicated to express views on topical legal issues, thereby generating a cross current of ideas on emerging matters. This platform shall also ignite the initiative and desire of young law students to contribute in the field of law. The erudite response of legal luminaries shall be solicited to enable readers to explore challenges that lie before law makers, lawyers and the society at large, in the event of the ever changing social, economic and technological scenario.

With this thought, we hereby present to you

LEGALIZING GREEN TRANSACTION IN INDIA: GREEN FINANCE AND SUSTAINABLE DEVELOPMENT

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Abstract

There has never been such an urgent need to restore the damages caused to the ecosystem than today. In the past two decades the climate change has escalated throughout the Earth's history and crushed the natural factors. Climate change is the cardinal issue of the contemporary world, and us humans being the creator and suffers of the same. Therefore, it is necessary to mitigate dangerous climate change to ensure the future of humanity by adopting sustainable development. There are four dimensions to sustainable development- society, environment, culture and economy. Economy as in finance is the engine of development of society, and in the today's world economy is just not about financial development but is integrated with polity, society, science, technology and environment. If we want to achieve sustainable development the financial institutions need to show more inclusion with green projects. And here comes the concept of 'Green Finance'. The developed and developing countries around the world are adopting these policies of green finance. However, the transparency and execution on such policies are low. This research paper will guide you through- what is green finance; its history; instruments of green finance; green bonds and India's approach with these policies.

Keywords: Green Finance, Climate Change, Sustainable development, Green Bonds, Green Policies.

1. Introduction

Here we will review the concept of Green Finance and its importance in the present day, it will emphasize on India's current involvement and need to adopt Green Finance Policies. If we loosely define Green Finance it means, it is a loan or investment for eco-friendly financial activities for environment protection and sustainable development. The end view of Green Finance is that to increase the rate of financial flow (capital flow) from financial and economic institution in activities, ventures and projects that cautious about the environment and believe in sustainable development of future humanity.

It has become a very need to scale down the deterioration of ecology caused by fossil fuel burning, and has led to terrifying climate change, which can be done by a shift to Green Finance. This policy can and has been adopted both at national and international level. At national level, many countries like Canada, Japan, Mexico and United Kingdom have issued policy statements to increase citizens awareness about the negative effects of fossil fuel emissions on the climate, and the associated climate change risk. At the international level, countries have signed the Paris Agreement which is legally binding international treaty on climate change mitigation.[1] The purpose of the Paris Agreement is to limit the global warming to 2 or 1.5 degree Celsius.[2] The members of United Nations Climate Change Conference of the Parties, popularly known as (COP26) have also made some committee to reduce greenhouse emission.[3]

As we have already discussed that economics and finance plays an important role in environment balance and sustainable development. Therefore, since the Industrial Revolution finance has been a powerful enabler of human progress.[4] Recent World Economic Forum Global Risk Report 2024[5], has identified extreme climate shifts, risking earth in the coming decade. As in consequence the time has come, we get serious about the environment and mindfully shift development to

[1] Ozili, P. K. (April 2022). Green finance research around the world: a review of literature. International Journal of Green Economics file:///D:/Users/HP/Downloads/Greenfinanceresearcharoundtheworldozilipeterson.pdf
[2] Rogelj et al, 2016; Hoegh-Guldberg et al, 2018
[3] Ozili, P. K. (April 2022). Green finance research around the world: a review of literature. International Journal of Green Economics file:///D:/Users/HP/Downloads/Greenfinanceresearcharoundtheworldozilipeterson.pdf
[4] Sachs, Jeffrey D. and Woo, Wing Thye and Yoshino, Naoyuki and Taghizadeh-Hesary, Farhad, Why Is Green Finance Important? (January 22, 2019). ADBI Working Paper 917 (2019), Available at SSRN: https://ssrn.com/abstract=3327149 or http://dx.doi.org/10.2139/ssrn.3327149
[5] https://www.weforum.org/agenda/2024/01/global-risks-report-2024/

sustainable development.

As we focus on Green Finance, the level of interest has significantly increased of economic and industrial sectors in implementing these green policies. However, there is a dearth of legality, execution and administration of green finance policy. This being the case, this paper will analyze the need of legislating and execution of green policies with its various instruments and techniques, and will understanding its benefits for future sustainable economic development.

2. What is Green Finance?

A sustainable financial system is the one which converts financial assets to real wealth that is in long-run is inclusive with environmental protection. Green Finance is the loans and investment made for economic development in an environmentally friendly way. Which in lay man's term means when there is an investment made which can be in form of capital through banks or purchasing assets for industrial or infrastructural development or economic growth of a nation, it can be done in such a way that the environmental pollution, fossil fuel emission or the release of greenhouse gases that are damaging to the mother earth are minimal. Such ways or policies are known as green finance. Green finance provides economic and environmental advantages to everyone. It broadens access to environmentally-friendly goods and services for individuals and enterprises, equalizing the transition to a low-carbon society, resulting in more socially inclusive growth.[6]

In the literary context many economists, ecologists and scholars have made attempts to define green finance, here are some commonly accepted definitions given by scholars.

2.1 Definitions:

1. Höhne / Khosla / Fekete / Gilbert (2012): "Green finance is a broad term that can refer to financial investments flowing into sustainable development projects and initiatives, environmental products, and policies that encourage the development of a more sustainable economy. Green finance includes climate finance but is not limited to it. It also refers to a

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[6] https://emeritus.org/blog/finance-what-is-green-finance/#what-is-green-finance

wider range of „other environmental objectives, for example industrial pollution control, water sanitation, or biodiversity protection. Mitigation and adaptation finance is specifically related to climate change related activities: mitigation financial flows refer to investments in projects and programs that contribute to reducing or avoiding greenhouse gas emissions (GHGs) whereas adaptation financial flows refer to investments that contribute to reducing the vulnerability of goods and persons to the effects of climate change."[7]

2. Zadek and Flynn (2013): "Green finance is often used interchangeably with green investment. However, in practice, green finance is a wider lens including more than investments as defined by Bloomberg New Energy Finance and others. Most important is that it includes operational costs of green investments not included under the definition of green investment. Most obviously, it would include costs such as project preparation and land acquisition costs, both of which are not just significant but can pose distinct financing challenges."[8]
3. Pricewaterhouse Coopers Consultants (PWC) (2013): "For the banking sector, green finance is defined as financial products and services, under the consideration of environmental factors throughout the lending decision making, ex-post monitoring and risk management processes, provided to promote environmentally responsible investments and stimulate low-carbon technologies, projects, industries and businesses."[9]

2.2 Instruments of Green Finance:

As we have understood what is green finance lets understand the ways we can use green finance in our economy i.e. its instruments:

1. Green Mortgages: They allow creditor to provide better terms to home purchasers of properties with great environmental sustainability grade or if the buyer accepts to invest in intensifying the environmental performance of a property.

[7] Höhne / Khosla / Fekete / Gilbert (2012): Mapping of Green Finance Delivered by IDFC Members in 2011, Ecofys
[8]Zadek and Flynn (2013): South-Originating Green Finance: Exploring the Potential, The Geneva International Finance
Dialogues, UNEP FI, SDC, and iisd
[9] Pricewaterhouse Coopers Consultants (PWC) (2013): Exploring Green Finance Incentives in China, PWC.

2. Green Loans: are the loans that are used to promote environmental initiatives such as household solar panels, electric automobiles, energy efficiency projects, and more.
3. Green Banks: Green banks operate similarly to traditional banks, but they employ public funds to spur private investment in renewable energy and other environmentally friendly initiatives. According to the 2020 research, the number of green banks in the US increased from one to 20 between 2011 and 2020, investing $7 billion in renewable energy.[10]
4. Green Credit Cards: Green credit cards such as Aspirations' Zero card plant a tree every time a customer makes a purchase. They enable customers to direct their expenditure toward green finance in order to have a lasting impact on the environment.[11]
5. Green Bonds: Green bonds are a **type of debt issued by public or private institutions to finance themselves** and, unlike other credit instruments, they commit the use of the funds obtained to an **environmental project or one related to climate change.**[12]

3. History of Green Finance

As we have studied what green finance is, it is necessary to have a background check on this particular subject-matter, therefore let's see the history of green finance on international level and India's role in it.

The notion of green finance has evolved over a period of time in accordance of economic development in a sustainable way. The idea of green finance was first introduced in 1992 in a United Nations Environment Programme (UNEP), report titled by "Banking and Insurance Statement on Sustainable Environment Development" However the roots of green finance can be tracked back to 1970's.[13]

3.1 The Paris Agreement:

The Paris Agreement adopted at the 21st United Nations Climate Change Conference (COP) in 2015, is the single-most important rallying point in organising multilateral efforts, responding to

[10] https://emeritus.org/blog/finance-what-is-green-finance/#what-is-green-finance
[11] https://emeritus.org/blog/finance-what-is-green-finance/#what-is-green-finance
[12] https://www.iberdrola.com/sustainability/investments-green-bonds
[13] https://www.bechtel.com/newsroom/blog/sustainability/green-financing-a-look-at-the-history-and-the-options-available-for-developers/#:~:text=While%20the%20roots%20of%20green,Goals%20and%20the%20Paris%20Agree

the existential threat of climate change. The central pillar of the Paris Agreement is its goal of capping the increase in global average temperatures to below 2°C above pre-industrial levels, and endeavouring to limit the temperature increase to 1.5°C above pre-industrial levels. Crucially, the Paris Agreement recognizes the need to make finance flows consistent with the pathways towards lower greenhouse gas emissions and climate-resilient development. This ambition of the Paris Agreement is expressed in annual COPs, where State signatories to the Paris Agreement convene to assess progress in relation to stemming climate change.[14]

3.2 COP 28 Key outcome:

The 28th Conference of the Parties (COP28) of the United Nations Framework Convention on Climate Change (UNFCCC) was held at Dubai, UAE, from November 13 to December 30, 2023. The key outcomes of the Dubai COP 28 were the operationalisation of the Loss & Damage Fund, that were established previously in COP27, and the Global Stocktake.

Specifically, the first Global Stocktake, culminating in a decision at COP 28, is a momentous development, led by findings of the Sixth Assessment Report ("Sixth AR") of the Intergovernmental Panel on Climate Change ("IPCC"). While emphasising that strong policy and regulatory action will help achieve the overall global transition to low GHG emissions, the Global Stocktake has noted findings of the Sixth AR. One such vital finding is that human actions, primarily green-house gas emissions, have unequivocally caused global warming of 1.1°C, already. However, the Global Stocktake has also noted that there is scope for finance and capital to act as critical enablers of climate action, going ahead.[15]

India submitted its Intended Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC) on 2nd October, 2015.[16] And is the part of Paris Agreement. India is very ambitious to contribute and achieve the aims of the Paris Agreement i.e. NDC (Inia's Nationally Determined Contribution).

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[14] https://www.nlsblr.com/post/understanding-the-regulatory-framework-for-sustainable-finance-in-india
[15] https://www.nlsblr.com/post/understanding-the-regulatory-framework-for-sustainable-finance-in-india
[16] https://unfccc.int/sites/default/files/NDC/2022-08/India%20Updated%20First%20Nationally%20Determined%20Contrib.pdf

As a party to the United Nations Framework Convention on Climate Change (UNFCCC) and its Paris Agreement, India submitted its first Nationally Determined Contribution (NDC) in the year 2015 comprising, inter-alia, of following two quantifiable targets:
To reduce the emissions intensity of its GDP by 33 to 35 percent by 2030 from 2005 level; and to achieve about 40 percent cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030.

These two targets have been achieved well ahead of the time. As on 31st October, 2023; the cumulative electric power installed capacity from non-fossil fuel-based energy resources is 186.46 MW, which is the 43.81% of the total cumulative electric power installed capacity. As per the third national communication submitted by India to the UNFCCC in December 2023, the emission intensity of its GDP has been reduced by 33 percent between 2005 and 2019.

In August 2022, India updated its NDC according to which target to reduce emissions intensity of its GDP has been enhanced to 45 percent by 2030 from 2005 level, and the target on cumulative electric power installed capacity from non-fossil fuel-based energy resources has been enhanced to 50% by 2030.[17]

4. Benefits of Green Finance

Green Finance is assembled financial activities which offer better financial performance than the traditional methods of financial development which harmed the ecosystem massively. Green financing methods such as green mortgage, green loans, green banks, green bonds etc. are conducive for economic growth of nation. Here are some benefits of indulging Green Finance in the working economic system.

1. Environment Preservation: the rudimentary aim of green finance is the conservation of environment, by implementing projects that reduce the emission of carbon and green house gases. It promotes sustainability by sustainable use of land, renewable energy etc.

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[17]https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1987752#:~:text=In%20August%202022%2C%20India%20updated,enhanced%20to%2050%25%20by%202030.

2. Business Opportunity: Green finance adds market value to the businesses because it offers companies a green edge which attract more investors who are apprehensive towards environment sustainability.
3. Enhances Economic Prospectus: Governments that promote green financing assist in protecting their societies from scarcity of resources. They do this by building and encouraging local markets for renewable energy, as well as entering new markets with high employment potential.[18]
4. Cost Saving: Operating sustainably not only contributes to environmental well-being but also leads to substantial savings in operational costs. Green financing avenues, such as green loans, offer businesses a chance to secure funds with lower interest rates and extended repayment terms compared to conventional loans. Furthermore, embracing sustainable practices through green financing helps businesses avoid penalties, sanctions, and legal issues associated with breaching environmental regulations or standards.[19]
5. Transfer of Technologies and Environmentally Friendly Infrastructure:

The centric aim of developing countries is growth of infrastructure, with the help of green finance government of such countries can take its development in environmentally sustainable way. And as an inspiration to adopt green finance from the developed countries others can use their technology for the benefit of the mother earth all together.

5. Green Bonds

We are well known with the traditional bonds, which are a loan borrowed by a company. Company alternately takes out money from investors who buy the bonds rather than taking loans from the banks. In return for the money, the company pays an interest coupon, which is the annual interest rate paid on a bond expressed as a percentage of the face value.[20]

Green bonds are a type of fixed-income investment used to fund projects with a positive environmental impact. Green bonds are meant to encourage sustainability and mitigate climate change. Like traditional bonds, green bonds offer investors a stated return and a promise to use the

[18] https://emeritus.org/blog/finance-what-is-green-finance/#what-is-green-finance
[19] https://mekari.com/en/blog/green-financing/
[20] https://www.investopedia.com/articles/bonds/08/bond-market-basics.asp#:~:text=A%20bond%20is%20simply%20a,percentage%20of%20the%20face%20value.

proceeds to finance or refinance sustainable projects, either in part or whole.[21]

They help finance projects ranging from energy efficiency to sustainable agriculture and forestry to protect aquatic and terrestrial ecosystem. It finances the cultivation of environmentally friendly technologies and climate change mitigation.[22] These bonds are issued by public, private or multilateral entities.

5.1 History of Green Bonds:

In 2007, the Intergovernmental Panel on Climate Change released a report on global warming and human activity, which prompted numerous Swedish pension funds to invest in green initiatives. In response to this rising demand, the World Bank first issued its green bond in 2008. Since then, the market for green bonds has been on the rise. The history of these bonds, however, is connected to the City of San Francisco, where a 'solar bond" was approved to finance renewable energy. Additionally, in 2007, a few development banks, including the European Investment Bank, issued this kind of equity index-linked bond. The world's biggest issuer of green bonds is the United States.[23]

Yes Bank in India issued the country's first green bond in 2015 to raise INR 5 billion for infrastructure investments in renewable and clean energy. The government of India issues Sovereign Green Bonds as a means to raise funds for environmentally-friendly infrastructure. The proceeds generated through these bonds are used in public sector initiatives that contribute to the reduction of carbon emissions. The RBI auctioned two Sovereign Green Bonds, NEW GOI SGrB 2028 and NEW GOI SGrB 2033 worth Rs. 8000 crores on January 25, 2023, with a cut-off yield of 7.10% and 7.29% respectively. Subsequently, on February 9, 2023, it declared the issuance of an additional Rs 80 billion in sovereign green bonds. The largest green bond issuer in India is Greenko Group, which funds hydro, solar, and wind power projects in many Indian states with its green bond proceeds. Indore Municipal Corporation issued green bonds worth USD 87 million in

[21] https://www.investopedia.com/terms/g/green-bond.asp
[22] https://www.investopedia.com/terms/g/green-bond.asp
[23] https://www.thefixedincome.com/blog/bonds-and-debt/green-bonds-definition-history-advantages-and-disadvantages/#:~:text=History%20of%20Green%20Bonds,its%20green%20bond%20in%202008.

2023. The private sector alone was responsible for 84% of the total green bonds that were issued.[24]

Since 2008, the World Bank issued approximately USD 19 billion equivalent in Green Bonds through over 220 bonds in 28 currencies.[25]

5.2 India's position in Green Bonds:

The sedimentary role of green bonds in India is to finance and refinance environmentally sustainable projects. Green bonds also play an important role in Public Private Partnership (PPPs) as well as providing incentives to corporate entities to invest in green initiatives. The Government of Indian has been actively promoting the use of green bonds in the country. In 2015, the Indian Government launched Green Bond Scheme, which provides tax initiatives to companies issuing green bonds. The Government has also set up Green Bond Fund which provides grants to green projects and the Green Infrastructure Fund, which provides funds to green infrastructure projects.[26]

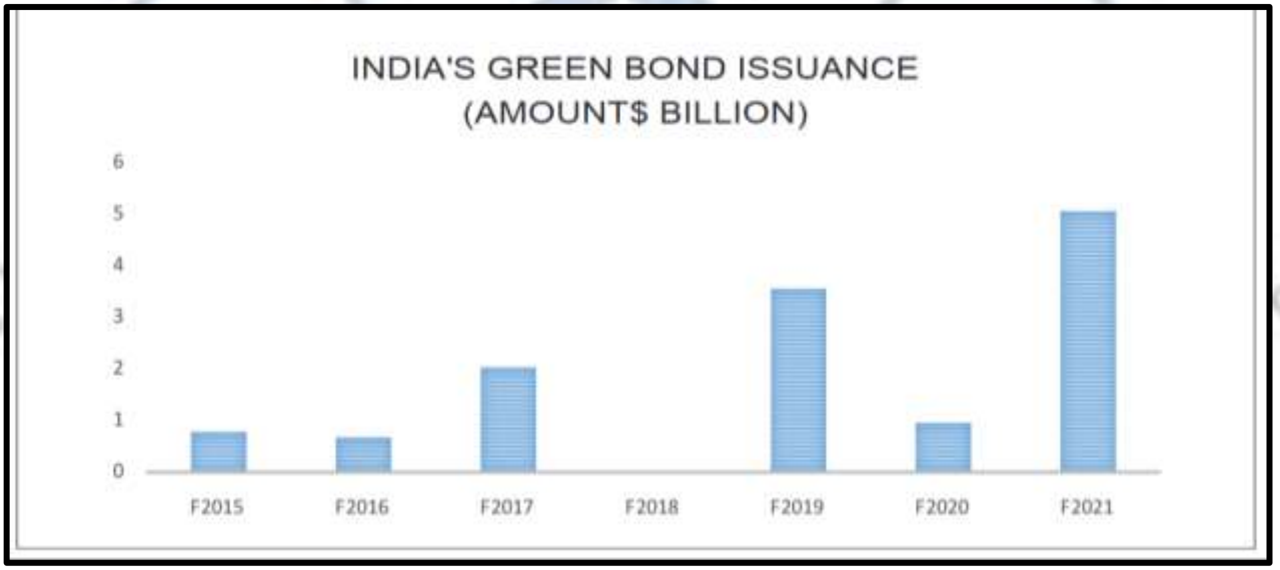

Figure 1 India's Green Bond Issuances (2015-2021)

Source: https://www.iibf.org.in/documents/BankQuest/6.%20.pdf

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24 https://www.thefixedincome.com/blog/bonds-and-debt/green-bonds-definition-history-advantages-and-disadvantages/#:~:text=History%20of%20Green%20Bonds,its%20green%20bond%20in%202008.
25 https://treasury.worldbank.org/en/about/unit/treasury/ibrd/ibrd-green-bonds
26 https://www.iibf.org.in/documents/BankQuest/6.%20.pdf

5.3 Green Bond's scenario Globally:

The green bond market has been expanding speedily around the globe and is considered to be one of the fastest-growing components of the fixed-income market. Major countries that incorporated green bonds to raise funds include the, UK, France, Germany, USA and China.

- In the United States, Green bonds have been issued by Municipal Corporations, State Government and other Corporations, as well as by International Organizations such as the World Bank.
- In Europe, green bond issuance has been led by France, Germany and the United Kingdom, with the European Investment Bank being one of the largest issuers of green bonds.
- In China, green bond issuance has been growing rapidly, driven in part by the Government's ambitious renewable energy targets and the need to finance large-scale infrastructure projects.
- In Canada and Australia, green bond issuance has been relatively limited so far, but the market is expected to grow as more Canadian and Australian issuers look to finance environmentally beneficial projects.[27]

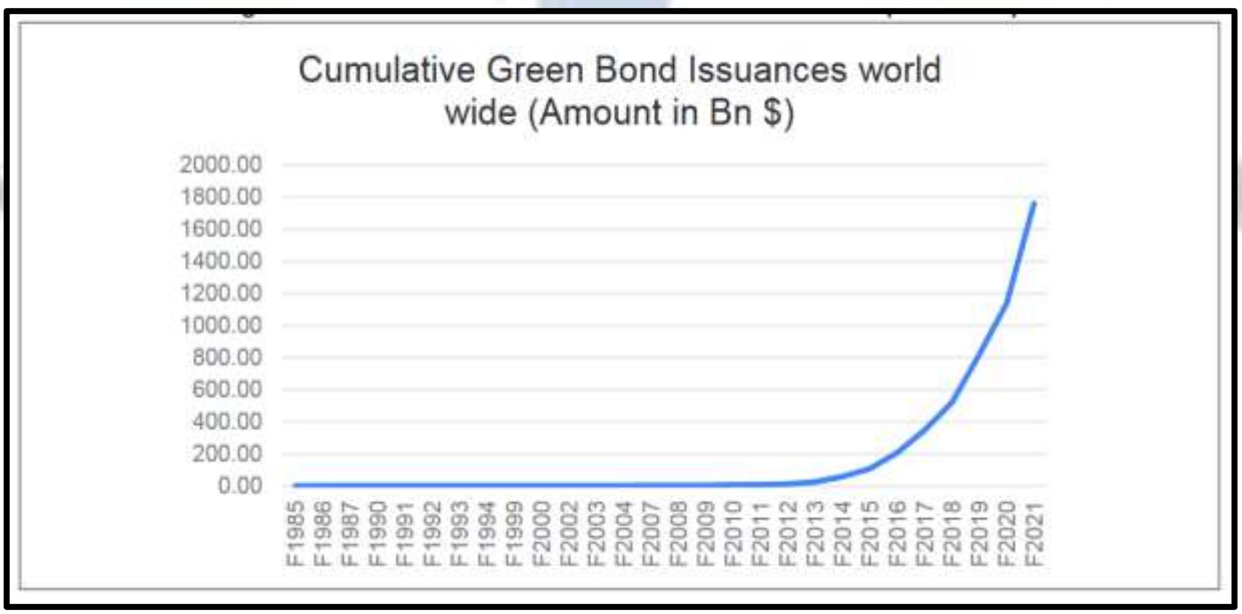

Figure 2World Wide Cumulative Green Bond Issuances (1985-2021)

Source: https://www.iibf.org.in/documents/BankQuest/6.%20.pdf

[27] https://www.iibf.org.in/documents/BankQuest/6.%20.pdf

6. Green Finance Developments in G20 countries

Table below shows the trend in green finance developments among the G20 countries from 2016 to 2017. China, United Kingdom and Mexico have the largest achievements in green financing, followed by Turkey, South Africa, Brazil, France and India. The green finance developments are broadly categorized into: (1) support for the development of local green bond markets; (2) promoting international collaboration for cross-border investment in green bonds, and (3) improving the measurement of green finance activities and their impacts.

Table 1: Green finance developments in the G20 countries

G20 Member Countries	Support for the development of local green bond markets	Promoting international collaboration for cross-border investment in green bonds	Improving the measurement of green finance activities and their impact
rgentina	*		
Australia	*		
Brazil	*	*	
Canada	*	*	
China	*	*	*
France	*	*	
Germany	*		
India	*	*	
Indonesia	*		
Italy	*		
Japan	*		
Mexico	*	*	*
Russia	*		
Saudi Arabia			
South Africa	*	*	

South Korea	*		
Turkey	*		*
UK	*	*	*
US	*		
EU	(N/A)	*	
International	*		*
Source: UNEP (2017) United Nations Environment Progress (2017) report, p.14			

7. Current Regulatory Framework of Green Finance in India

As being a part of the Paris Agreement, India at the United Nations Climate Change Conference in Glasgow in November 2022 (COP26), committed to achieve Net Zero Emission by 2027.

Indian Government and legislative regulators have constituted various committees and published reports in the past course of time. Indian regulators have implied rules and regulation on the incorporation of environmental, social governance (ESG) standards on some specific aspects of sustainable development.

To date, the Indian regulatory frame work has no particular legislative body or legislation expressing sustainable finance. But there is an increased focus by the Government of India on the matters of green financing recently. Various governmental bodies such as Ministry of Finance (MOF), Ministry of Environment Forest and Climate Change, State Governments, Indian Renewable Energy Development Agency (IREDA), Climate Change Finance Unit (CCFU), Bureau of Energy Efficiency (BEE), and Ministry of Corporate Affairs (MCA)- Companies Act, 2013. And there are some other prominent regulatory bodies such as Reserve Bank of India (RBI), Securities Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI), and International Financial Centres Authority (IFSCA).

7.1 Governmental Bodies:

1. Ministry of Finance (MOF): the MOF issuance of India's Sovereign Green Bond framework (Nov 2022) is a significant milestone, aiming to channel proceeds from their issuance of environmentally sustainable projects. This is an important part of India's

overall architecture for sustainable finance and has been viewed positively by commentators, especially post its successful debut in January 2023.[28]

2. Indian Renewable Energy Development Agency (IREDA): the government established IREDA under the administrative control of Ministry of New and Renewable Energy (MNER). IREDA is engaged in promoting, developing and extending financial assistance for setting up projects relating to new and renewable source of energy and energy efficiency and conservation.[29]
3. Small Industrial Development Bank of India (SIDBI): SIDBI is an accredited agency of the Green Climate Fund, a fund established within the framework of the United Nations Framework Convention on Climate Change, and promotes sustainable development through a series of schemes that seek to provide adequate and affordable energy efficiency and green finance as well as enhance awareness of benefits of climate control among small and medium-sized enterprises. SIDBI has launched a number of schemes to promote sustainable finance (such as the green finance scheme and the end-to-end efficiency scheme) and provides financial support to energy service companies.[30]
4. Climate Change Finance Unit (CCFU): The CCFU with the Department of Economic Affairs, Ministry of Finance is the key coordinating agency for climate finance in India. It was established in 2011 with the objective of creating a strong platform for conducting analyse on issues related to climate finance. So far, however, most of the activities of CCFU have focused on representing the Finance Ministry in all climate change financing related issue in internation and domestic forums as well as providing input on issues of climate finance in economic surveys.[31]
5. Bureau of Energy Efficiency (BEE): The Bureau of Energy Efficiency (BEE), a statutory body under the Ministry of Power, has released a draft blueprint on the National Carbon Market for consultation. The Indian Parliament has also passed the Energy Conservation (Amendment) Bill, 2022 (ECA Amendment Bill) to, inter alia, establish a framework for a carbon credit trading scheme, in India.[32]

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[28] https://www.nlsblr.com/post/understanding-the-regulatory-framework-for-sustainable-finance-in-india
[29] https://tta.in/the-sustainable-finance-law-review/
[30] https://tta.in/the-sustainable-finance-law-review/
[31] https://www.orfonline.org/research/financing-indias-green-transition-60753
[32] https://tta.in/the-sustainable-finance-law-review/

6. Companies Act, 2013- Ministry of Corporate Affairs:

   The Ministry of Corporate Affairs (MCA), which monitors and administers all companies and limited liability partnerships incorporated in India, introduced the concept of corporate social responsibility (CSR) in the (Indian) Companies Act, 2013 (CA2013). The CA2013 requires that companies with a certain specified net worth must constitute a CSR committee and formulate a CSR policy, and ensure that they spend at least 2 per cent of their average net profits made during the three immediately preceding financial years on CSR activities as per their CSR policy.[33]

7.2 Regulatory Bodies:

1. Reserve Bank of India (RBI): RBI is playing a significant role in addressing climate change, through economic growth regulation while considering sustainable and climate change. In 2007 RBI issued a note which had a purpose of creating awareness among commercial banks of their role in relation to sustainable development. Since when RBI joined the Network for Greening the Financial System (2021) it has proposed and enforced various regulatory measures and policies. RBI conducted the very first survey of commercial banks in 2022, it aimed to evaluate the policies of banks for climate risk and sustainable finance. The survey revaluated the need for governance framework to address to address the climate change risk and change in financial system in accordance of environmental sustainability.
2. Securities Exchange Board of India (SEBI): SEBI, shoulder to shoulder with RBI has been carrying out multiple policies and regulatory initiatives to achieve India's aim of Net-zero carbon emission. SEBI in 2017 stipulated a framework for issuance of green debt securities. It also introduced a framework for blue bonds in India. SEBI has also recently introduced a framework for SSE, which is intended to provide not-for-profit organisations and social enterprises an alternate platform to raise funds from institutional and retail investors and attract CSR funding with transparency.[34]
3. International Financial Service Centre Authority (IFSCA): IFSCA has apprised pronouncement on the issuance and listing of ESG debt securities including green bonds,

[33] https://tta.in/the-sustainable-finance-law-review/
[34] https://tta.in/the-sustainable-finance-law-review/

social bonds, sustainable bonds and sustainability-linked bonds. These regulations require the appointment of an independent external reviewer to ascertain that such instruments are aligned with IFSCA Recognised Frameworks (as defined below), and also prescribe specific additional disclosures in the offer documents and post-listing continuous disclosures in relation to utilisation of proceeds and impact reports.[35]

Above listed all regulatory bodies and governmental bodies have-had oiled the wheels of transforming our traditional financial system into a sustainable one. They have time to time set forth consequential policies and rules for the governance of the green finance system. Yet this is not fulfilling the genuine need of bonafide governance for this subject matter. Therefore, there should be a governmental body and law guiding the green financing.

8. Need of a Distinct Body and Law for Green Finance in India

As we have seen various regulatory bodies that have done their best to administer green financing, yet there are several loopholes and cracks that can be filled by passing a legitimate legislation and body for smooth working of green finance projects. Some of the noticeable reasons why we need this legislation are given below:

- As there is no institute that has taken complete responsibility of coordinating green finance in the country, as a result numerous processes are prolonged in the nation.
- Lack of research: in India we need an autonomous think tank that can research in sustainable development; ways and processes of green financing and can also adopt international practice.
- One of the massive worries is the absence of transparency in the system as there is no proper regulatory body the chances of malafide activity increases and also the public, investors (private and public) and government have no clarity of the system.
- There is a rise in unlawful and unethical practice due to absence of law abiding the entities to follow legal and ethical rules and regulations. And there is a chain of laws that fall under this subject matter but are not practiced due to non-exitance of a bonafide statute.

  An example in this regard is the Green Finance Committee (GFC) of the China Society of

[35] https://tta.in/the-sustainable-finance-law-review/

Finance and Banking. All major banks, as well as a number of large and medium-sized funds, insurance and securities companies have joined the GFC since its inception in April 2015. Since its inception, GFC and its 200-plus members have played a key role in facilitating the release of new policies, promoting the notion of green finance, product innovation, and capacity-building.[36]

To make top-level mechanism for green finance and climate change India needs a strong legislative body which will enforce laws to make the financial system work in line.

9. Conclusion

To conclude I would like to emphasize on the of prioritizing the need of a specific independent legislative body who will conduct all the green finance related activities in the country. And if we have specific laws for its governance that would be easier to level up our economy in environmentally sustainable way. On that account if there is no strong green finance frame work there is no sustainable development.

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