

Climate Bonds State of the Market Report Points to Huge India Green Growth Potential

India Ranks 8th in World for Climate Aligned Bond Issuance

LONDON, DELHI 03/10/2018: Climate Bonds Initiative's flagship '[Bonds and Climate Change State of the Market 2018](#)' report to be launched on Thursday October 4th in Delhi at the [Renewable Energy Invest Conference](#), reveals India's enormous potential amongst existing bond issuers for green finance.

The report, Climate Bonds annual global analysis of green finance and green investment ranks India at 8th in the world for "climate aligned" bond issuance, that is issuers whose revenues are drawn from predominantly green activities like low carbon transport, clean energy and energy efficiency.

A detailed India State of the Market Report 2018 will also be showcased at the Conference.

"India needs international capital to meet national climate and development goals like the 2022 clean energy target. This report shows that many existing domestic issuers are already climate aligned in their revenues and business activity. Moving more bonds offering into the green spectrum is another step for India in broadening the global investor base amongst asset managers and pension funds looking for climate based opportunities," says **Climate Bonds CEO Sean Kidney**. He says that the demand for quality green product will be ongoing. "It's a natural outcome of international investors lifting their green portfolio allocations and whilst increasing engagement with corporates on climate risks, on climate opportunities and business models and capex plans consistent with the Paris 2 degree target."

The report calculates that the climate aligned bonds universe (labelled green bonds and unlabelled bonds adhering broadly to climate solutions) comprises USD 1.45 trillion globally of which USD 389 bn are labelled green bonds whose proceeds exclusively and explicitly finance or refinance green projects.

"To achieve the low carbon transition needed to meet Paris targets, institutional investors are looking to major energy leaders to shift their business models towards growth opportunities in clean energy. Issuing green bonds is one way they can draw attention to their brown to green transition strategies," **Mr Kidney explains**.

The cumulative green issuance from India between 2015 and 2018 March stands at USD 6.5 bn. In 2017, Indian public and private sector companies issued USD 3.9 bn worth of green bonds, 2.5 times higher than in 2016. The majority of them, 51 percent, were sold by public sector entities. Among the private sector, non-banking financial companies have dominated issuances.

Climate Bonds' analysis suggests that renewable energy, which benefits from a clear policy thrust in India, would continue to see a stream of further issuance. Going forward, demand is likely to build in transport, building and agriculture sectors. [Green securitisation](#) is another avenue for domestic market growth especially for decentralised renewable energy systems and solutions that are needed to supply electricity at the last mile.

The green label is also emerging as an important tool within the fixed income space. Indian issuers have used this tool extensively. While China dominates emerging market issuance volumes, Certified Climate Bonds from Indian issuers represent 35% of the total number of Certified bonds from emerging markets.

The distance between green opportunities and their translation into green issuances needs to be bridged by both greater levels of awareness, and sector and financial system wide strategies and examples. Rapidly accelerating green finance flows to priority sectors of India's economy will be imperative to mobilise USD 2.3 trillion on climate action by 2030.

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Notes to Journalists:

About the Global State of the Market Report: [The State of the Market \(SOTM\)](#) report provides an analysis of the labelled green bond climate-aligned and universe, highlighting investment opportunities to finance climate-aligned assets within the following climate themes: clean energy, low carbon transport, water management, low carbon buildings, waste management and sustainable land use.

This year's report also provides an in-depth analysis of the diverse bond structures that have been used in the green bond market, as well as an update on the latest policy developments.

Our June 2018 [India Country Report](#) has more information.

Our May 2018 Briefing 'Securitisation as an enabler of Green Asset Finance in India' can be [available here](#).

About the Climate Bonds Initiative: The Climate Bonds Initiative is an investor-focused not-for-profit, promoting large-scale investment in the low carbon economy. More information on [our website](#) here.

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