

## **Onus on lending agencies to help lower cost of capital & technology for renewable projects: Secretary, MNRE**

**NEW DELHI, 8 September 2015: Mr. Upendra Tripathy, Secretary, Ministry of New and Renewable Energy,** has assured banks and other funding agencies that the Government of India has put in place an elaborate eco-system to support green projects and it was now up to the lending agencies to help bring down the cost of capital and technology to realize the target of generating 170,000 MW of renewable energy.

Inaugurating the **FICCI Conference on 'Green Bonds' supported by HSBC** here today, Mr. Tripathy said that the cost of credit was the most crucial component for undertaking renewable energy projects as the cost of technology was difficult to bring down unlike other inputs such as land and manpower costs.

He urged lending agencies, including banks, financial institutions and NBFCs, to take ethical responsibility for funding green projects by issuing dedicated 'green bonds'.

Mr. Tripathy enumerated the various initiatives of the Government of India to make funding of renewable projects such as the 25-year power purchase agreement, the establishment of escrow account, concessional excise and customs duties and setting up of a green energy corridor for evacuation of power, priority sector lending for renewable energy projects up to Rs 15 crore, home loans clubbed for rooftop projects, etc.

According to **Mr. Ulrik Ross, Managing Director, Global Head of Public Sector & Sustainable Financing, HSBC Bank Plc, UK,** "The political support for climate investments has never been stronger leading up to the United National conference on Climate Change "COP21" in Paris later this year. Accordingly to HSBC Climate Centre of Excellence green bonds are an attractive solution with has experienced good growth. The total Green Bond market last year was about USD 40bn in new issuance volume which is still a far cry from the additional investment needed annually of USD 1 trillion to finance a 2°C world. HSBC believe that scale in the green bond market can only be reached by introducing government sponsored incentive structures for green bonds, and we believe India has the ability to do so."

**Mr. Stuart Milne, Group General Manager & CEO, HSBC India,** in his remarks, **said that** although the green bonds are fledging niche products, they do have a capacity to develop rapidly to finance green projects. What is required to hasten the pace of development of such bonds and provide scalability is heightened acceptability among investors, standardization and transparency, incentives for issuers and investors and the ability of the policy makers to device systems such as priority sector lending for green projects.

He said, "HSBC believes that it also has a key role to play in developing the access to capital markets for the clean energy sector. Central to this is our belief that while green bonds are currently only a small part of the fixed income market, it has the capacity to grow rapidly. We expect, green bonds to soon become a prominent interface between environmentally and socially conscious capital market investors and green issuers".

**Dr. Arbind Prasad, Director General, FICCI,** said, "Today we are at a critical and a defining moment in the transformation of the Indian economy, requiring huge investments in new cities, energy and transport systems and

other infrastructure. India's domestic plans on low-carbon and climate resilient development call for significant financial outlays from Government sources." However, to meet the targets, domestic public funds alone will be insufficient - and mechanisms are therefore urgently needed to raise and leverage private capital as well as international financial flows. As a part of this, it is critical that the financial system's capacity and readiness to respond to climate change and other sustainable development priorities is enhanced, driving innovation across banking, insurance, investments and securities.

Green bonds, Dr. Prasad said are an attractive investment proposition with an opportunity to support climate-related projects. Thus, exploring the role of green bonds in the Indian market and suggesting a framework to develop the financial system would provide the roadmap for the India financial landscape.

FICCI started the discussion on 'Green Bonds' under the aegis of the UNEP India Inquiry on Designing a Sustainable Financial System for India. This conference helps to cement the discussion on the policy interventions needed for green bonds.

**Mr. Tarun Balram, Managing Director & Head of Capital Financing, HSBC India,** gave a vote of thanks.

The inaugural session of the conference was followed by panel discussions on '*Green financing- Implications for India and Policy initiatives*' and the *Issuers and Investors Perspectives on Green Bonds*'

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