
# The rise of sustainable finance in India

## Case studies of 'best practice' in front-running financial institutions

February 2022

## Contents

# 1 Introduction

Financial institutions play a major role in determining whether a country is pursuing sustainable economic development. Banks, insurance companies, pension funds, asset managers and other financial actors shape environmental, social and governance (ESG) outcomes through their lending, investment and other financial decisions.

Given the urgent challenges posed by climate change, India is looking to improve the climate consistency of its financial system. Many financial actors are therefore exploring opportunities for peer learning both globally and domestically. For example, the Indian Ministry of Finance is a founding member of the International Platform on Sustainable Finance (European Commission, 2019); the Reserve Bank of India has recently joined the Network of Central Banks and Supervisors for Greening the Financial System (NGFS, 2019); and the Indian Banks' Association, which represents nearly 250 banks, is a member of the Sustainable Banking and Finance Network (IFC, 2012).

A few Indian financial institutions have also begun exploring opportunities to reduce the carbon intensity of their portfolio and their exposure to climate-related risks. These efforts build on much more extensive experience with addressing other ESG priorities, such as gender equity and social inclusion. There are opportunities for other Indian banks to learn from these front runners, enabling success stories to be replicated and scaled up across the financial sector.

The aim of this briefing note is to highlight examples of good practice within India's financial sector. The short case studies illustrate the range of options available to green finance and advance other ESG goals, and offer insight as to why the front-runners have developed these ESG policies and financial products. The analysis is intended to inform and inspire financiers looking to enhance their institutions' resilience to the physical and transition risks of climate change, as well as deliver against other ESG priorities.

# 2 Methodology

The following criteria were used to identify Indian financial institutions that are at the forefront of sustainable finance.

- **Signatories to sustainability principles.** There is a growing number of global frameworks that financial institutions can voluntarily join or sign to signal their commitment to sustainability. These frameworks vary considerably, both in terms of ESG criteria that they address and the expectations they set for their members and signatories. While recognising that global frameworks differ in their scope and stringency, participation nonetheless signals a financial institution's interest in sustainable finance. Accordingly, signatory lists and membership data of leading sustainability principles have been used to identify potential Indian front runners. See Annex 1.

- **Sustainability reporting.** Financial or non-financial disclosures of ESG impacts are perceived as strong commitments of the bank towards adoption of sustainable banking practices (OECD, 2020). Financial institutions may include this information in dedicated formats on their own platforms, such as business responsibility reports or sustainability reports, or report to an independent body such as a regulator like the Securities and Exchanges Board of India (SEBI) or a non-governmental organisation like CDP (formerly the Carbon Disclosure Project). See Annex 2.

- **Sustainable finance and ESG financial products.** The first green bond in India was issued in 2015 (Darby, 2015). Since then, there has been a rapid growth in environmentally oriented financial products. According to the Climate Bonds Initiative, India has emerged as the second largest green bond market among emerging economies, with $7.2 billion issued to date, largely in the renewable energy sector (Climate Bonds Initiative, 2018). Indian financial institutions have also introduced dedicated lines of credit, bonds, deposit schemes and funds to support climate action and other ESG activities. See Annex 3.

IDFC First Bank, the National Bank for Agriculture and Rural Development (NABARD), RBL Bank, the Small Industries Development Bank of India (SIDBI), the State Bank of India and YES BANK perform well against a majority of the parameters. Thereafter, we have focused on NABARD, SIDBI and RBL Bank based on guidance from expert advisors and interest from the financial institutions themselves.

# 3 Case studies of front-running financial institutions

## 3.1 NABARD

NABARD was set up by the government of India in 1982 as a development finance institution (DFI) to support economic activities in rural areas, such as agricultural production, agricultural processing and small-scale industries like textiles and handicrafts. The purpose of such financing was to promote integrated rural development and enhance the prosperity of rural areas.

NABARD has long been recognised as a leader on gender equity and social inclusion, having piloted the Self-Help Group Bank Linkage Programme that has become the world's largest microfinance scheme (Al-Kubati and Selvaratnam, 2021). Initiated in 1992, the programme aims to link savings groups, typically of 10–12 people, to formal financial services. The savings groups are largely composed of low-income women that are also supported to learn about bookkeeping and income generation by non-governmental organisations. The groups can use the resources to finance individual needs, such as education or healthcare, or collective initiatives, such as shared infrastructure. Women's participation and education through these endeavours is widely thought to be politically and socially empowering (Nayak, 2018).

> The Self-Help Group Bank Linkage Programme that NABARD piloted in 1992 has enabled 14.1 million people to access formal financial services at more than 30,000 bank branches across the country.

NABARD's efforts to link the self-help groups to wholesale credit has enabled the programme to achieve its current scale: as of March 2021, more than 30,000 bank branches provide financial services to 13.8 million women (out of 14.1 million members). Banks held $4.3 billion of savings for women's self-help groups and a further $12.8 billion of loans was provided to them, with an average loan amount of $2,394 to each self-help group (NABARD, 2021a).

The Self-Help Group Bank Linkage Programme has also offered opportunities to Indian banks. Participating institutions have collectively gained millions of bankable clients, who are provided with financial literacy training and whose associated administration is partially handled by a designated Community Resource Person funded by central government. Although the members of the self-help groups benefit from lower interest rates than they could obtain from traditional moneylenders, the banks benefit from a fast-growing group of new borrowers at market interest rates. In the last decade, the number of self-help groups affiliated with banks has been growing at 3.6% each year. Total deposits and total loans disbursed grew at 15.7% and 20.5% over the same period (Al-Kubati and Selvaratnam, 2021).

NABARD has a range of other programmes and products to advance social and environmental goals, such as the Climate Change Fund, Tribal Development Programme and Fund, Umbrella Programme for Natural Resource Management, Producers Organisation Development Fund, and the Participatory Watershed Development Programme and Fund. These programmes and products vary considerably in terms of both their scale of activity and timespan of operation. The Climate Change Fund is a relatively new endeavour, having been established in 2016–2017. The fund was initially capitalised with $571,900 and is replenished annually out of NABARD's profit margins. In 2019 and 2020, NABARD disbursed $159,600 and $129,010 respectively to conduct vulnerability assessments and build climate resilience in rural regions of the country (NABARD, 2021b).

> NABARD's accreditation with the Green Climate Fund has enabled it to access $120.7 million of concessional finance that it is on-lending for solar rooftop installation, groundwater recharge and solar micro-irrigation.

NABARD's adoption of high fiduciary, legal, environmental and social standards across its portfolio is perhaps more significant than any one programme or fund. This enabled NABARD to secure approval to act as the National Implementing Entity for India with the Adaptation Fund since 2012 and to secure accreditation as a direct access entity with the Green Climate Fund in 2015 (UNFCCC, 2012; GCF, 2019). Both the multilateral climate funds have stringent criteria and due diligence processes, although they also have a reciprocal process to fast-track institutions approved by the other fund. Accreditation with the Adaptation Fund and Green Climate Fund has allowed NABARD to access highly concessional international resources to experiment with financing models for climate action. To date, NABARD has received $8.1 million from the Adaptation Fund across eight projects for forestry, agriculture and food security, and coastal and water management (NABARD, 2021c). It has further secured $120.7 million from the Green Climate Fund for two projects focused on solar rooftop installation, groundwater recharge and solar micro-irrigation (NABARD, 2021c). Other Indian banks and subsidiaries that have been accredited with the Green Climate Fund include IDFC First Bank, Infrastructure Leasing and Financial Services, SIDBI and Yes Bank.

### 3.2 RBL Bank

RBL Bank was one of the first banks in India to establish an integrated Environmental and Social Management System to assess credit risks, with support from UK Commonwealth Development Corporation (now British International Investment). Since 2014, RBL Bank has used indicators relating to, for example, resource efficiency, carbon emission intensity, occupational health and safety, and community-related risks to assess all transactions worth more than $1 million and with a tenure over one year (RBL Bank, 2019). More recently, RBL Bank has integrated the physical and transition risks of climate change into its assessments (RBL Bank, 2021). Where major environmental or social concerns are identified, RBL Bank works with clients to develop Corrective Action Plans to mitigate the risks. While in 2017, just under half of RBL Bank's exposure qualifies for integrated risk assessment, the share has fallen to 32% due to the expansion of microfinance and retail banking relative to wholesale transactions (RBL Bank, 2019; 2021). The adoption of an integrated Environmental and Social Management System has enabled RBL Bank to systematically reduce its exposure to ESG risks across its portfolio.

RBL Bank's microbanking model has enabled 3.3 million people to access formal financial services and underpins a loan portfolio worth $966.2 million.

Over recent years, RBL Bank has substantially expanded its microbanking portfolio to reach the underbanked and unbanked sections of Indian society. Its offer includes products like income-generating loans, microenterprise asset finance, insurance, savings accounts and remittances. As of March 2021, this portfolio was worth $966.2 million and had 3.3 million active borrowers with an average loan size of $411. This loan book comprises lending to joint liability groups, to micro, small and medium enterprises (MSMEs) and for affordable housing, and has grown at a compound annual growth rate of 13% over the last three years (RBL Bank, 2021). RBL Bank's success in microbanking has been recognised with a suite of awards, including Best Bank of the Year in 2018 (Outlook Money Awards), India's Best Bank for Microfinance in 2019 (Asiamoney) and Best Small Bank in 2019 (Business Today Financial Awards) (RBL Bank, 2021).

RBL Bank has also established dedicated credit lines with attractive rates to finance environmentally sustainable activities. These credit lines were initially made possible through partnerships with multilateral agencies which provided concessional finance for RBL to test and iterate its business models. RBL Bank received a loan worth $50.3 million in 2019 from the International Finance Corporation, for on-lending to 'climate smart' projects including renewable energy, energy efficiency and green buildings (RBL Bank, 2020). RBL Bank has also secured a loan worth $20.1 million from the Global Climate Partnership Fund specifically for on-lending for sustainable agriculture projects such as drip/micro-irrigation technology, installation of solar pump-sets and installation of solar home systems (RBL Bank, 2020). These experiences build on RBL Bank's early experiments with climate-relevant projects: for example, it was one of the only Indian banks providing funding for early-scale small and medium-sized enterprises in solar energy in 2015 (Sanyal and Eisinger, 2016).

### 3.3 SIDBI

SIDBI was setup by the government of India in 1990 as a DFI to support and promote MSMEs, particularly by closing the credit gap that they face, estimated at $343.1 billion (SIDBI, 2019b). Expanding access to financial services for MSMEs is inherently linked to poverty reduction and economic development, as access to credit and insurance can smooth income volatility and enable investment in productive assets. SIDBI's Samridhi Fund illustrates the potential of impact investing in MSMEs. Established with a corpus of $57.2 million in collaboration with the UK's Department for International Development (now the Foreign, Commonwealth & Development Office), the Life Insurance Corporation of India and United India Insurance Company Limited, the Samridhi Fund provides risk capital worth $66,500 to $3.3 million to social enterprises with proven business models in low-income states in India. The finance is structured as equity or equity-linked instruments. SIDBI's own assessment suggests that the Samridhi Fund generated 24,000 new jobs, provided 2 million people with access to healthcare and 1.8 million people with access to clean drinking water, and offset 10.5 megatonnes of $CO_2$ (SIDBI, 2020).

Recognising that social and environmental impacts – now including climate change – could potentially lead to credit, regulatory and reputational risks, SIDBI has been proactive in supporting sustainable development in the MSME sector (Soundarrajan and Vivek, 2016). Accordingly, SIDBI has been strategically shifting its focus towards supporting responsible business practices in MSMEs, including energy efficiency and cleaner production, through both financial and non-financial support. The latest manifestation of this shift is Vision 2.0, which SIDBI launched in 2017 (Rebello, 2017; Murdeshwar, 2020). Its policies and programmes enabled SIDBI to join the International Development Finance Club (IDFC, 2021) and secure accreditation as a direct access entity with the Green Climate Fund (GCF, 2019), thus gaining access to concessional funds to support ESG initiatives. Some examples of SIDBI's ESG initiatives are detailed below.

SIDBI has experimented with a range of innovative financing instruments that use public finance to crowd in private finance for environmentally and socially positive purposes. Its Sustainable Finance Scheme – also known as the End-to-End Energy Efficiency Investments in MSMEs (4E Financing Scheme) – is intended to help MSMEs invest in cleaner production, providing finance for any measures and technologies listed under the Bureau of Energy Efficiency's (BEE) star rating. The scheme offers loans worth up to 90% of the project cost with a minimum loan amount of \$13,300 and maximum loan amount of \$199,500 per eligible borrower. The interest rate is in the range of 8.1–9.9% a year with a repayment period of 36 months for loans up to \$133,000 and 60 months for loans up to \$199,500 (Verma, 2016). This is a very attractive rate for business loans in India (current lending rates are typically 20–24% per annum (World Bank, 2019)), enabled through bilateral lines of concessional credit from international agencies such as Japan International Corporation Agency (JICA), French Development Agency (AFD) and German Development Bank (KfW) (SIDBI, 2019a). To avail of the loan, MSMEs follow a stringent procedure involving a detailed energy audit report and detailed project report vetted by an energy efficiency consultant, along with compliance with the Environment & Social Management Framework (SIDBI, 2019a). As of 2019, concessional funding of \$15.4 million has been provided to 105 MSMEs and technical assistance to 230 MSMEs. Together, the 4E Financing Scheme is estimated to have reduced $CO_2$ emissions by 0.8 million tonnes (SIDBI, 2019b).

> SIDBI's 4E Financing Scheme has provided \$15.4 million of low-cost financing to 105 micro, small and medium enterprises across India, enabling them to invest in energy efficiency and clean production measures.

With support from the World Bank and UN Women, SIDBI launched the Women's Livelihood Bond to facilitate cost-effective micro-loans to women entrepreneurs. The $39.9 billion raised through the bond issuance will be on-lent to individual women in sectors such as agricultural production, food processing, services and manufacturing. The Women's Livelihood Bond fills an important gap in the debt market: women's self-help groups and collectives can borrow easily from banks and microfinance institutions (thanks in part to NABARD's Self-Help Group Bank Linkage Programme, summarised above), but individual women face many challenges when seeking finance for their own enterprises due to the small and risky ticket size (World Bank, 2019). Enhancing their access to credit can boost their productivity and support further job creation, helping lift them out of the poverty cycle (Economic Times, 2019). The Women's Livelihood Bond offers a fixed coupon rate of 3% per annum. SIDBI will channel the funds through participating financial intermediaries like banks, non-bank financial companies or microfinance institutions, which will on-lend $133 to $1,995 to women entrepreneurs (World Bank, 2019).

> The Women's Livelihood Bond issued by SIDBI, with support from the World Bank and UN Women, raised $39.9 million. The funds are on-lent to women entrepreneurs at an interest rate of 13–14% per year, which compares favourably with commercial rates.

## References


Al-Kubati, N.A.A. and Selvaratnam, D.P. (2021) 'Empowering women through the self-help Group Bank Linkage Programme as a tool for Sustainable development: lessons from India. *Community Development Journal* 56(4). (https://doi.org/10.1093/cdj/bsab036).

Climate Bonds Initiative (2018) *Green bonds: the state of the market*. London: Climate Bonds Initiative (www.climatebonds.net/files/reports/cbi_gbm_final_032019_web.pdf).

Darby, M. (2015) 'Yes Bank issues India's first green bond'. Climate Home News, 19 February (www.climatechangenews.com/2015/02/19/yes-bank-issues-indias-first-green-bond/).

Economic Times (2019) 'WB, Sidbi, UN arm, Tatas launch Women's Livelihood Bonds'. The Economic Times (https://economictimes.indiatimes.com/markets/bonds/wb-sidbi-un-arm-tatas-launch-womens-livelihood-bonds/articleshow/68067934.cms?from=mdr).

European Commission (2019) *International platform on sustainable finance*. Brussels: European Commission (https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/international-platform-sustainable-finance_en).

Green Climate Fund – GCF (2019) *India portfolio*. Songdo: GCF (www.greenclimate.fund/countries/india).

International Development Finance Club – IDFC (2021) IDFC Members. Webpage. IDFC (https://www.idfc.org/members/).

International Finance Corporation (2012) 'Sustainable banking and finance network – members' (www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/sustainable-finance/sbn_members).

Murdeshwar, S. (2020) 'Open graph meta tags: everything you need to know'. Global Prime News, 13 February (https://globalprimenews.com/2020/02/13/sidbi-organizes-swavalamban-mela-in-chandigarh/).

National Bank for Agriculture and Rural Development – NABARD (2021a) 'Micro Credit Innovations Department' (www.nabard.org/contentsearch.aspx?AID=103&Key=self%2bhelp%2bgroup).

NABARD (2021b) *Disclosures as per Schedule I of Revised Guidelines for Issue and Listing of Debt Securities*. Mumbai: National Bank for Agriculture and Rural Development.

NABARD (2021c) *Annual Report – 2020–2021*. New Delhi: National Bank for Agriculture and Rural Development (www.nabard.org/pdf/annual-report-2020–2021-full-report.pdf).

Nayak, A.K. (2018) Indian women in grassroots socio-political institutions: impact of microfinance through self-help groups. *International Journal of Indian Culture and Business Management* 17(4): 383–402. DOI: 10.1504/IJICBM.2018.095672

Network for Greening the Financial System – NGFS (2019) 'Membership'. NGFS (www.ngfs.net/en/about-us/membership).

Organisation for Economic Co-operation and Development – OECD (2020) 'Promoting responsible lending in the banking sector: the next frontier for sustainable finance' in *OECD Business and Finance Outlook*. Paris: OECD.

RBL Bank (2019) *Sustainability report 2018–2019: building trust, delivering value* (https://ir.rblbank.com/pdfs/financial-highlights/sustainability-report-2018-2019.pdf).

RBL Bank (2020) *A different world, a world of difference: RBL Bank*. RBL Bank (www.rblbank.com/sustainability-framework).

RBL Bank (2021) *Integrated annual report 2020–2021: RBL Bank*. RBL Bank report (https://ir.rblbank.com/pdfs/financial-highlights/rbl-bank-ar-20-21.pdf).

Rebello, J. (2017) 'SIDBI has a Vision 2.0 for MSME well-being'. The Economic Times, 12 October (https://economictimes.indiatimes.com/markets/stocks/news/sidbi-has-a-vision-2-0-for-msme-well-being/articleshow/61046337.cms?from=mdr).

Sanyal, S. and Eisinger, F. (2016) *An overview of finance trends and barriers in India*. SWITCH-Asia Network Facility and adelphi (www.switch-asia.eu/site/assets/files/1225/green_finance_study_-_2016_-_india.pdf).

Small Industries Bank of India – SIDBI (2019a) *Financing end to end energy efficiency investments in MSMEs (4E Financing Scheme)*. Lucknow: SIDBI (https://sidbi.in/files/product/3.%20Financing%20Schemes%20for%20Sustainable%20Development.pdf).

SIDBI (2019b) *Journeys for entity to enterprise*. Lucknow: SIDBI (www.sidbi.in/AnnualReport201819/pdf/SIDBI%20AR_English_Part_1.pdf).

SIDBI (2020) *Samridhi Fund – our legacy* (www.samridhifund.com/legacy.php).

Soundarrajan, P. and Vivek, N. (2016) 'Green finance for sustainable green economic growth in India' *Agricultural Economics* 62(1): 35–44. DOI:10.17221/174/2014-AGRICECON

UNFCCC (2012) *National Bank for Agriculture and Rural Development (NABARD)*. Adaptation Fund (www.adaptation-fund.org/ie/national-bank-for-agriculture-and-rural-development-nabard/).

Verma, A. (2016) *Unlocking the energy efficiency potential in MSMEs through 4E programme*. New Delhi: India SME Technology Services Ltd (www.aeee.in/wp-content/uploads/2016/06/SIDBI-Webinar_4E.pdf).

World Bank (2019) *World Bank signs agreement to launch new social impact bond*. World Bank (www.worldbank.org/en/news/press-release/2019/02/19/world-bank-signs-agreement-to-launch-new-social-impact-bond).

## Annex 1. Sustainability principles

Table A1 Indian financial institutions committed to sustainability principles as of December 2021

| Sustainability reporting guidelines | Equator Principles | UN Principles for Responsible Banking | UN Global Compact Principles | IFC Performance Standards | IDFC Common Principles |
|---|---|---|---|---|---|
| Axis Bank | | | | ✓ | |
| Bandhan Bank | | | | ✓ | |
| HDFC Bank | | | | ✓ | |
| ICICI Bank | | | | ✓ | |
| IDFC First Bank | ✓ | | | ✓ | |
| IndusInd Bank | | | | ✓ | |
| Kotak Mahindra Bank | | | | ✓ | |
| NABARD | | | | | |
| Punjab National Bank | | | | ✓ | |
| RBL Bank | | | | ✓ | |
| State Bank of India | | | | | |
| SIDBI | | | | | ✓ |
| Yes Bank | | ✓ | ✓ | ✓ | |

Notes: Only national and regional development banks are eligible to join the International Development Finance Club (IDFC) and thereby sign up to its Common Principles. While a couple of financial institutions have independently adopted the IFC Performance Standards such as the IndusInd Bank, most sign up to the principles when they become a client of the International Finance Corporation.

**Sources:**


Equator Principles (2022) 'Members and reporting' (https://equator-principles.com/members-reporting/).

International Development Finance Club – IDFC (2022) 'IDFC members' (www.idfc.org/members/).

International Finance Corporation (2022) 'Project information and data portal' (https://disclosures.ifc.org/enterprise-search-results-home).

UN Global Compact (2022) 'Our participants' (www.unglobalcompact.org/what-is-gc/participants/).

UN Principles for Responsible Banking (2022) 'Signatories' (www.unepfi.org/banking/bankingprinciples/prbsignatories/).

# Annex 2. Sustainability reporting frameworks

Table A2 Indian financial institutions using sustainability reporting frameworks as of December 2021

| Sustainability reporting guidelines | CDP | Global Reporting Initiative | Business responsibility and sustainability reporting | Taskforce on Climate-related Financial Disclosures |
|---|---|---|---|---|
| Axis Bank | ✓ | ✓ | ✓ | |
| Bandhan Bank | ✓ | | ✓ | |
| HDFC Bank | ✓ | ✓ | ✓ | ✓ |
| ICICI | ✓ | | ✓ | |
| IDFC First Bank | ✓ | ✓ | ✓ | |
| IndusInd Bank | ✓ | ✓ | ✓ | |
| Kotak Mahindra Bank | ✓ | ✓ | ✓ | |
| NABARD | | ✓ | N/A* | |
| Punjab National Bank | ✓ | | ✓ | |
| RBL Bank | ✓ | ✓ | ✓ | |
| State Bank of India | ✓ | ✓ | ✓ | |
| SIDBI | | | N/A* | |
| YES Bank | ✓ | ✓ | ✓ | ✓ |

*Note: Business responsibility and sustainability reporting is mandatory for institutions governed by the Securities and Exchange Board of India; NABARD and SIDBI are governed by separate Acts of Parliament.

**Sources:**


Axis Bank (2021) *Axis Bank limited business responsibility report 2020–2021*. Axis Bank report (www.axisbank.com/docs/default-source/business-responsibility-reports/business-responsibility-report-for-the-year-2020–2021.pdf).

CDP (2022) 'Companies scores – CDP' (www.cdp.net/en/companies/companies-scores).

Financial Stability Board (2022) 'Supporters'. Financial Stability Board: Task Force on Climate-Related Financial Disclosures (www.fsb-tcfd.org/supporters/).

HDFC Bank (2020) *Sustainability report 2019–2020.* HDFC Bank report (https://v1.hdfcbank.com/csr/pdf/Sustainability%20Report%20FY-2019-2020.pdf?__cf_chl_jschl_tk__=H0CUqwK5weGxHHHhUGo9MkU_58Z93fCAAoltlzSOlZ4–1643311691–0-gaNycGzNCL0).

IDFC First Bank (2016) *Transformance: sustainability performance 2015–2016.* IDFC First Bank report (http://idfcfoundation.com/PDFDoc/IDFC%20SR_01–02–17.pdf).

Kotak (2021) *Annual integrated report 2020–2021.* Kotak report (www.kotak.com/content/dam/Kotak/about-us/integrated-report-fy2021.pdf).

National Bank for Agriculture and Rural Development – NABARD (2020) *Sustainability report 2019–2020.* NABARD report (www.nabard.org/auth/writereaddata/tender/2909214958sustainability-report-2019–2020.pdf).

RBL Bank (2020) *Sustainability report 2019–2020*. RBL Bank report (https://ir.rblbank.com/pdfs/financial-highlights/sustainability-report-2019–2020.pdf).

State Bank of India – SBI (2021) *Sustainability report 2020–2021*. SBI report (https://sbi.co.in/documents/17826/24401/140621-Sustainability+Report%28SR%29+year+2020–2021.pdf/ba271367–9542-e96a-0589-2968954b2e17?t=1623659643326).

YES Bank (2021) *Sustainability report 2020–2021.* YES Bank report (www.yesbank.in/pdf/sustainability_report_fy2020_21_pdf).

UK PACT

## Annex 3. Sustainable finance and ESG products

Table A3 Sustainable finance initiatives and products by Indian financial institutions as of December 2021

| Financial institutions | Financial products |
|---|---|
| **Axis Bank** | Offers a Woman's Saving Account with lower opening deposit and minimum balance requirements, especially for rural women<br>Issued green bonds worth $50 million in 2016, listed on the London Stock Exchange<br>Established the Axis ESG Equity Fund in 2020<br>Issued sustainable bonds worth $600 million in 2021, listed on the Indian stock exchange<br>Announced a guarantee framework for e-mobility worth $300 million in 2021<br>Established an ESG Committee on the Board of Directors in 2021 |
| **HDFC Bank** | Offers a Woman's Saving Account with lower minimum balance requirements, especially for rural women<br>Offers a Green and Sustainable Deposits scheme since 2021 |
| **ICICI Bank** | Established the ICICI Prudential ESG Fund in 2020 |
| **IDFC First Bank** | Offers the Sakhi Shakti – Business Loan for Women and Suvidha Shakti – Micro Housing Loan for Women<br>Accredited as a (national) Direct Access Entity with the Green Climate Fund in 2018 |
| **IndusInd Bank** | Offers green/climate credit lines, worth $755 million in Financial Year 2019–2020<br>Offers social/livelihood credit lines worth $1.9 billion in FY 2019–2020 |
| **Kotak Mahindra** | Established the Kotak ESG Opportunities Fund in 2020 |
| **NABARD** | Piloted the Self-Help Group – Bank Linkage Programme in 1992, which has now become the largest microfinance programme in the world<br>Established the Participatory Watershed Development Fund in 2000<br>Established the Tribal Development Fund in 2004<br>Established the Umbrella Programme for Natural Resource Management in 2007 with support from Germany's Deutsche Gesellschaft für Internationale Zusammenarbei (GIZ) and KfW<br>Established the Producers Organisation Development Fund in 2011<br>Designated the National Implementing Entity for India with the Adaptation Fund in 2012<br>Accredited as a (national) Direct Access Entity with the Green Climate Fund<br>Established the domestic Climate Change Fund in 2016 |
| **RBL Bank** | Offers credit lines for climate-friendly agriculture<br>Has a dedicated Environmental &Social risk assessment team within the Enterprise Risk function, which evaluates physical and transition risks of climate change. |
| **SBI** | Established the SBI Magnum Equity ESG Fund in 2018<br>Issued climate bonds in 2018 and 2020, collectively worth $800 million<br>Established the Neev Fund II in 2021, with the European Investment Bank, to provide capital to Indian small and medium-sized enterprises focusing on sustainability and social issues |
| **SIDBI** | Issued Women's Livelihood Bonds worth $42 million in 2019, with the World Bank and UN Women<br>Operates a partial risk-sharing facility worth $37 million, which provides lenders with partial credit guarantees for eligible energy efficiency projects, with the World Bank<br>Accredited as a (national) Direct Access Entity with the Green Climate Fund in 2017<br>Offers energy efficiency credit lines to micro- and small enterprises, capitalised with $5.5 million from the World Bank in 2018–2019 |
| **Yes Bank** | Co-sponsored the South Asia Clean Energy Fund, worth $128 million when it closed in 2010, with the Global Environmental Fund<br>Issued green bonds worth $260 million since 2015, listed on the London Stock Exchange<br>Joined the Women Entrepreneurs Opportunity Facility with a loan of $50 million from the International Finance Corporation to on-lend to women-owned businesses<br>Established a blended finance facility to expand credit access for women salt farmers in 2017<br>Has offered a Green and Sustainable Deposits scheme since 2018<br>Accredited as a (national) Direct Access Entity with the Green Climate Fund in 2019 |

Note: This is not intended to be an exhaustive list.

www.ukpact.co.uk

*For any enquiries, please get in touch via email at communications@ukpact.co.uk*