

DATA REPORT

India Climate Finance Flows 2025-2026

Mapping Public and Private Capital Across Sectors, Instruments, and Geographies

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Research Note

This report provides an annual mapping of climate finance flows into India for the period 2025-2026, covering public, private, domestic, and international capital by sector, instrument type, and recipient geography. Primary data sources include the Climate Policy Initiative (CPI), Climate Bonds Initiative, International Energy Agency (IEA), Reserve Bank of India (RBI), Ministry of New and Renewable Energy (MNRE), IFC, World Bank Group, ADB, IEEFA, and Government of India budget documents. Research synthesis involved AI-assisted tools; the author is responsible for analysis, interpretation, and editorial judgement.

Executive Summary

India's climate finance landscape reached an inflection point in 2024-25. Total tracked climate funding in 2024 amounted to USD 31.32 billion, a 40 percent increase over the prior year, driven by a surge in equity capital, public market participation, and sustained debt issuance. The renewable energy sector alone absorbed the preponderance of this capital, accounting for approximately 78 percent of total equity flows.

<p>USD 31.32 bn</p> <p>Total climate funding, 2024</p>	<p>220 GW</p> <p>Total RE capacity, FY2025</p>	<p>USD 55.9 bn</p> <p>Cumulative GSS+ debt, end-2024</p>	<p>USD 2.4 bn</p> <p>DFI inflows, 2024</p>
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The Union Budget 2025-26 raised the MNRE allocation by 39 percent to INR 256.49 billion. Public financial institutions, led by PFC and REC, continued to anchor the debt side of project finance. On the international front, India retained its position as the world's largest recipient of

development finance institution (DFI) funding for clean energy generation in 2024, attracting approximately USD 2.4 billion in project-type interventions per IEA data.

The sustainable debt market crossed USD 55.9 billion in cumulative issuances by December 2024, a 186 percent increase from 2021. Sovereign green bonds, with eight tranches totalling INR 477 billion issued since January 2023, have established a domestic green yield curve. Despite this progress, current tracked flows cover only about one-third of the estimated USD 170 billion annual requirement for India's NDC commitments to 2030. The financing gap remains the defining constraint.

This report maps these flows across five principal dimensions: source (public/private, domestic/international); sector (energy, transport, industry, adaptation); instrument (equity, debt, blended finance); recipient geography (state-level distribution); and the structural gap between current mobilisation and the USD 2.5 trillion NDC requirement by 2030.

1. India's Climate Finance Landscape: Context and Scale

1.1 Aggregate Flow Estimates

Climate Policy Initiative (CPI) tracking data, the most comprehensive source of India-specific flow accounting, estimates that India's tracked green finance reached an all-time high in FY2021-22. Finance for mitigation was 83 percent domestically sourced, with international finance constituting 17 percent (USD 8.3 billion). For calendar year 2024, Climake's India Climate Finance Report quantified total climate funding at USD 31.32 billion, comprising USD 9.41 billion in equity and USD 21.9 billion in debt capital. This represents a 40 percent increase over 2023.

Flow Category	Estimated Volume (2024)	Year-on-Year Change	Primary Source
Total tracked climate funding	USD 31.32 billion	+40%	Climake (2025)
Equity capital raised	USD 9.41 billion	+95%	Climake (2025)
Debt capital raised	USD 21.9 billion	+22%	Climake (2025)
International DFI flows	USD 2.4 billion	Largest recipient globally	IEA (2025)
FDI in renewable energy (FY25, Q1-Q3)	USD 3.4 billion	Near FY24 full-year total	IBEF (2025)
Cumulative GSS+ debt (end-2024)	USD 55.9 billion	+186% from 2021	Climate Bonds (2025)

1.2 Domestic-International Split

The domestic-international split reflects India's development finance architecture. CPI data for 2021-22 showed 83 percent domestic sourcing, consistent with the reliance on public balance sheets (PFC, REC, IREDA, SECI) and domestic commercial banks. International finance, at 17 percent, flows primarily via multilateral development banks, bilateral climate funds (notably the Green Climate Fund and Climate Investment Funds), and foreign portfolio investment into green bonds and listed equity.

Source Category	Estimated Share (2021-22, CPI)	Trend
Domestic public finance	~55%	Stable, anchored by PFIs
Domestic private finance	~28%	Rising, led by corporate renewable capex

International public (MDB/bilateral)	~12%	Growing, India largest DFI recipient 2024
International private (FPI/FDI)	~5%	Rising, green bond investor base widening

The forward trajectory diverges from this baseline. IEA data confirms that in 2024, 83 percent of India's power sector investment went to clean energy. Renewable energy's share in total FDI rose from approximately 1 percent in FY2021 to 8 percent in FY2025. These signals indicate structural reorientation of capital toward the low-carbon transition.

2. Public Finance Flows

2.1 Union Budget Allocations, FY2025-26

The Union Budget presented on 1 February 2025 materially increased allocations for the energy transition. The MNRE budget estimate reached INR 256.49 billion, a 39 percent increase over the initial FY2025 estimate of INR 191 billion. The budget positioned green growth alongside infrastructure and manufacturing as core fiscal priorities.

Programme / Ministry	FY2025-26 Allocation (INR billion)	FY2024-25 Revised (INR billion)	Change
Ministry of New and Renewable Energy (total)	256.49	191.00	+39%
PM Surya Ghar: Muft Bijli Yojana (rooftop solar)	200.00	110.00	+82%
PM KUSUM (agriculture solar)	2.60	N/A	Sustained
National Green Hydrogen Mission	6.00	3.00	+100%
Revamped Distribution Sector Scheme (RDSS)	160.00	160.00	Stable
Green Energy Corridors (transmission)	60.00	60.00	Stable
E-mobility schemes (PM E-DRIVE and related)	53.22	44.35	+20%
Ministry of Environment, Forests and Climate Change	3.41	3.33	+2.4%
Nuclear Power Projects (DAE)	21.00	22.28	-5.7%

Source: Union Budget 2025-26 documents; MNRE budget circulars; ORF analysis (2025).

The budget's most consequential omission was adaptation finance. Key adaptation programmes, including the National Adaptation Fund and the National Mission on Himalayan Studies, were subsumed under the secretariat budget with no ringfenced allocations. The National Mission for a Green India retained its INR 2.2 billion allocation, entirely directed toward afforestation. No allocation was made to the Sovereign Green Fund under this budget cycle.

2.2 Public Financial Institutions

India's public financial institutions (PFIs) constitute the dominant channel for project-level debt in the energy transition. Power Finance Corporation (PFC) and REC Limited lead this architecture. PFC's renewables portfolio expanded sixfold over six years to INR 482 billion (USD 6 billion) as of recent reporting. REC sanctioned INR 857.4 billion (USD 10 billion) for large-scale infrastructure in FY2022-23, with a commitment to raise its clean energy portfolio to 30 percent of its loan book by March 2030.

Institution	Key Climate Mandate	Recent Climate Commitment	Instrument
PFC	Power sector finance (renewables growing)	Renewables portfolio: INR 482 bn (USD 6 bn)	Project loans, green bonds
REC Limited	Rural electrification, RE finance	INR 857.4 bn sanctioned (FY23); 30% clean energy target by 2030	Loans, green bonds, yen bonds
IREDA	Renewable energy dedicated lender	Loan book expanded sharply; IPO completed	Project finance loans
SECI	Solar and wind tender aggregation	47 solar parks, over 25 GW capacity awarded	Government procurement
NIIF	Infrastructure fund	Portfolio: USD 4.9 bn, climate-aligned infrastructure	Fund-of-funds, equity

Sources: CPI (2025); REC Annual Reports; MNRE; IFC (2024).

REC's green bond programme illustrates the integration of domestic PFIs with international capital markets. In April 2023, REC raised USD 750 million in green bonds, the largest such tranche by a South and Southeast Asian issuer. In January 2024, it issued JPY 61.1 billion (USD 416 million) in yen-denominated green bonds. These issuances signal the institutional capacity of Indian PFIs to intermediate international capital.

3. Private Finance Flows

3.1 Renewable Energy Investment

India added a record 29.52 GW of renewable energy capacity in FY2025, taking total installed RE capacity to 220.10 GW. Solar energy led additions with 23.83 GW (a 58.5 percent increase over FY2024), followed by wind at 4.15 GW (27.9 percent increase). This pace accelerated further in 2025: by November 2025, total capacity had reached 253.96 GW, with 44.51 GW added in the year, nearly double the 24.72 GW added in the same period of 2024.

220.10 GW Total RE installed, FY2025	29.52 GW Record annual RE addition, FY2025	23.83 GW Solar added in FY2025	253.96 GW Total RE by November 2025
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Energy Source	FY2025 Installed (GW)	FY2025 Addition (GW)	Share of Total RE	YoY Growth
Solar (total)	~100+	23.83	~48%	+58.5%
Utility-scale solar	~80+	16.9	n/a	+47%
Rooftop solar	~22	6.9	n/a	+81% (H1)
Wind	~47+	4.15	~23%	+27.9%
Large hydro	~47	Marginal	~22%	Stable
Bio-power	~10.5	Marginal	~5%	Stable
Small hydro	~5.1	Marginal	~2%	Stable

Sources: MNRE (2025); JMK Research (2025); PIB (2025).

The private sector drove the bulk of capacity additions. Rajasthan, Gujarat, and Maharashtra collectively accounted for over half of FY2025 solar and wind additions, reflecting the geographic concentration of both resource availability and transmission infrastructure. NTPC Green Energy and the Adani Group anchored utility-scale deployment, while a growing roster of independent power producers (IPPs) competed across SECI auction rounds.

3.2 Equity Capital Markets

Calendar year 2024 was India's most active year for climate equity finance. Equity funding reached USD 9.41 billion, a 95 percent increase from USD 4.82 billion in 2023. The structural shift was the emergence of public markets as the dominant channel: IPOs and private investments in public equity (PIPEs) accounted for an unprecedented 60 percent of total equity funding, with IPOs alone raising a record USD 3.8 billion from climate-focused businesses. The investor base

widened, with 331 distinct investors participating in climate deals, including 155 making their first climate investment in 2024.

Equity Instrument	2024 Volume	2023 Volume	Change
Total equity funding	USD 9.41 billion	USD 4.82 billion	+95%
Public markets (IPO and PIPE)	USD ~5.65 billion	Not dominant	Structural shift
IPOs of climate businesses	USD 3.8 billion	Below benchmark	Record year
Venture and growth equity	USD ~3.76 billion	Higher share	Share declining
Distinct investors in climate deals	331	~254	+30%
First-time climate investors	155 of 331	Lower proportion	New entrant surge

Source: Climake, India Climate Finance Report 2024 (2025).

The two dominant sectors for equity, renewable energy and electric mobility, together represented 78 percent of total equity funding in 2024. Emerging sectors, including resilient food systems, grid management, and the built environment, began attracting meaningful capital for the first time.

4. Sustainable Debt Capital Markets

4.1 Green, Social, Sustainability, and Sustainability-Linked (GSS+) Debt

By December 2024, India's cumulative GSS+ debt issuances reached USD 55.9 billion, a 186 percent increase from USD 21.4 billion at end-2021. This positions India as the fourth-largest emerging market source of aligned GSS+ debt globally, after China, South Korea, and Chile. Green-labelled instruments dominate at 83 percent of total aligned volume. Loans constitute 39 percent of the green segment, with 2024 alone recording USD 5.5 billion of labelled green loan deals across 19 corporate borrowers.

Instrument Category	Cumulative Volume (end-2024)	Share of GSS+ Total	Notable 2024 Development
Green bonds	USD ~46 billion	~83% (combined)	Corporate and sovereign issuance both active
Green loans	Included in 83% above	39% of green segment	USD 5.5 bn in 2024 alone (19 corporates)
Social bonds	USD 6.6 billion cumulative	~12%	Seven aligned bonds in 2024 adding USD 5.5 bn
Social loans (NBFC sector)	USD 1.8 billion in 2024	~3%	Microfinance and affordable housing focus
Sustainability-linked bonds (SLBs)	Emerging	<5%	Hard-to-abate sectors beginning adoption
Total GSS+	USD 55.9 billion	100%	+186% from 2021 base of USD 21.4 billion

Source: Climate Bonds Initiative, India Sustainable Debt State of the Market 2024 (July 2025).

4.2 Sovereign Green Bonds

The Government of India has issued eight tranches of sovereign green bonds (SGBs) since January 2023, raising INR 477 billion (approximately USD 5.7 billion). The programme, overseen by the Green Finance Working Committee under the Chief Economic Adviser, has established a domestic green yield curve and elevated institutional investor awareness. Proceeds are allocated to five-year and ten-year maturities at yields of 7.10 percent and 7.29 percent respectively.

Approximately 50 percent of SGB proceeds have been directed to energy-efficient electric locomotive manufacturing for Indian Railways. Other allocations cover metro rail projects (INR 80 billion), renewable energy programmes (INR 46.07 billion), and afforestation under the

National Mission for a Green India (INR 1.24 billion). Demand has been inconsistent: in August 2024, the RBI accepted only INR 16.97 billion in bids against a INR 60 billion target, and a May 2024 issuance was withdrawn. Investor reluctance reflects the absence of a greenium and currency risk for foreign participants.

SGB Programme Metric	Data
Total tranches issued (January 2023 to March 2025)	Eight tranches
Total proceeds raised	INR 477 billion (approx. USD 5.7 billion)
Maturities issued	5-year and 10-year
Applicable yield (5-year, SGrBs 2028)	7.10%
Applicable yield (10-year, SGrBs 2033)	7.29%
Largest single allocation: electric locomotive manufacturing	~50% of proceeds
Metro rail allocation	INR ~80 billion
Renewable energy allocation	INR ~46 billion
Programme framework rating (CICERO)	'Medium Green' with 'Good' governance

Sources: Ministry of Finance; RBI; World Bank (2024); Policy Circle (2025).

5. International Climate Finance Flows

5.1 Multilateral Development Banks

India received approximately USD 2.4 billion in DFI project-type interventions for clean energy generation in 2024, making it the world's largest recipient of such funding per IEA World Energy Investment 2025. MDB flows to India span concessional and non-concessional lending, equity co-investment, guarantees, and technical assistance. The World Bank Group delivered a record USD 42.6 billion in global climate finance in FY2024, a 10 percent increase over FY2023, with India representing one of its largest single-country portfolios.

MDB / DFI	India Engagement (Recent)	Instrument Type	Source
World Bank Group (IBRD/IDA)	Largest global climate finance: USD 42.6 bn (FY2024); India among top recipients	Loans, guarantees, technical assistance	World Bank FY2024 Annual Report
IFC	Portfolio: USD 8+ billion in India; FY24 commitments USD 3.8 billion; largest single climate deal: USD 500 million (Axis Bank, Oct 2024)	Loans, equity, blended finance	IFC (2024)
Asian Development Bank (ADB)	USD 12.3 billion global climate commitments in 2024; India-specific: USD 190 million (Indore Metro); USD 299 million (Delhi-Meerut RRTS)	Sovereign loans, urban infrastructure	ADB (2024-25)
Green Climate Fund (GCF)	Active India programmes; climate resilience and clean energy	Grants and concessional loans	UNFCCC
Climate Investment Funds (CIF)	Scaling Solar, CTF programmes	Concessional finance, catalytic capital	CIF
AIIB	Co-financing on ADB/World Bank projects	Sovereign loans	MDB Joint Report (2023)

Note: MDB figures represent global totals or specifically cited India transactions. Country-specific disaggregation varies by institution's reporting framework.

Sources: IEA (2025); World Bank (2024); IFC (2024); ADB (2024-25); MDB Joint Climate Finance Report (2023).

5.2 IFC in India: A Case Study in Private Sector Mobilisation

India is IFC's largest country by investment volume globally. IFC's total India portfolio exceeded USD 8 billion in FY2024, with approximately 36 percent in equity instruments. Long-term financing including mobilisation more than doubled from USD 1.3 billion in FY2022 to USD 3 billion in FY2023, and reached USD 3.8 billion by April 2024. The October 2024 USD 500 million blue finance loan to Axis Bank, IFC's first blue investment in India and its largest climate finance deal in the country, illustrates the diversification of instruments beyond conventional renewable project finance into water, wastewater, and coastal resilience financing.

5.3 Foreign Direct Investment in Renewables

Renewable energy's share in India's total FDI inflows rose from approximately 1 percent in FY2021 to 8 percent in FY2025. The sector attracted USD 3.4 billion in FDI in the first three quarters of FY2025, nearly matching the FY2024 full-year total of USD 3.7 billion. This structural increase reflects the convergence of competitive project economics, transparent auction mechanisms, and improving grid infrastructure.

6. Sectoral Finance Flows

6.1 Energy: Solar, Wind, and Storage

Solar energy dominates India's climate investment landscape by both installed capacity and capital deployed. As of end-FY2025, solar accounts for 48 percent of total RE capacity (approximately 100 GW). Solar module manufacturing capacity under the ALMM reached 144 GW per annum, with 81 GW added in calendar 2025 alone, a 99 percent year-on-year increase. The Production Linked Incentive (PLI) scheme for high-efficiency solar modules, with a budget of INR 195 billion, catalysed approximately 11 GW of module manufacturing and 5 GW of cell manufacturing by FY2025-end.

Green hydrogen has received growing fiscal attention. The National Green Hydrogen Mission carries a total outlay of INR 197.44 billion, including INR 6 billion in FY2025-26. Approvals have been granted for 8.6 lakh tonnes per annum of green hydrogen production capacity and 3,000 MW of electrolyser deployment. Grid modernisation received INR 160 billion under RDSS, and Green Energy Corridors received INR 60 billion for interstate transmission.

6.2 Electric Mobility

From 2020 to 2025, India's electric transport sector attracted INR 2.23 lakh crore (approximately USD 26.8 billion) in total investments. However, IEEFA's February 2026 assessment found that 82 percent of required capital remains unmet, with a prospective gap of INR 10.3 lakh crore (USD 117.82 billion) over the period to 2030. The binding constraint is the cost of commercial credit, with EV borrowers facing interest rates between 15 and 33 percent.

EV Programme / Metric	Data
PM E-DRIVE scheme outlay (Oct 2024 to Mar 2026)	INR 10,900 crore (approx. USD 1.3 billion)
Vehicles targeted: e-2Ws	24.79 lakh (demand incentive)
Vehicles targeted: e-3Ws	3.16 lakh
E-buses targeted	14,028 (via CESL, 9 cities)
E-ambulance allocation	INR 500 crore
Charging infrastructure allocation (PM E-DRIVE)	INR 2,000 crore for 72,300 EVPCS
EV sales in 2024	2.08 million (up 24.5% from 2023)
VC/PE funding in EV sector (2024)	USD 586 million (down 37% from 2022 peak of USD 934 million)
EV market size in India (2024)	USD 3.98 billion

Passenger EV sales growth, Q1 FY2026	+75% year-on-year; market penetration 3.5%
Public charging stations installed (as of Aug 2025)	Over 29,000
Total EV investment gap to 2030 (IEEFA)	INR 10.3 lakh crore (USD 117.82 billion)

Sources: IEEFA (Feb 2026); PIB; IBEF (2025); Business Standard (2024).

6.3 Industry: Hard-to-Abate Sectors

Steel and cement represent the most significant climate finance gap in India's sectoral decarbonisation. A bottom-up assessment by Janak Raj and Rakesh Mohan (2025) for the IMF Task Force on Climate, Development and the IMF estimated that decarbonising steel, cement, power, and road transport would require USD 467 billion from 2022 to 2030, approximately USD 54 billion per year or 1.3 percent of GDP. Steel accounts for USD 251 billion of this total and cement for USD 141 billion, reflecting the high cost of carbon capture and storage technologies on which these sectors ultimately depend.

Sector	Estimated Finance Requirement (2022-2030)	Key Technology	Finance Status
Steel	USD 251 billion	Carbon capture and storage (CCS)	Largely unfinanced; SLBs nascent
Cement	USD 141 billion	CCS; alternative clinker materials	Largely unfinanced
Power (additional clean capex)	USD 57 billion	Solar, wind, storage, transmission	Most financed; well-developed market
Road transport	USD 18 billion	EV fleet transition	Partially financed; gap ~82%
Total (4 sectors)	USD 467 billion	Varied	Current flows cover ~1/3 of requirement

Source: CSEP / Raj and Mohan (2025); IEEFA (2026).

The Union Budget 2026 (February 2026) allocated INR 200 billion toward carbon capture research and development, aligned with the CCUS R&D Roadmap released in December 2025. This allocation signals awareness of the steel and cement financing challenge, though the scale remains orders of magnitude below the requirement.

6.4 Adaptation Finance

Adaptation finance is the most underdeveloped dimension of India's climate finance landscape. The Union Budget 2025-26 was explicitly criticised for its absence of ringfenced adaptation allocations. Key national adaptation missions, including the National Mission on Himalayan Studies and the National Adaptation Fund, received no distinct budgetary line. The Ministry of Environment, Forests and Climate Change received INR 34.12 billion, an increase of less than 2.5 percent from the prior year.

This contrasts sharply with India's physical climate exposure. India is among the most climate-vulnerable nations globally, facing intensifying floods, droughts, cyclones, and heat events. The Economic Survey 2024-25, published one day before the Union Budget, explicitly emphasised adaptation needs and attributed the adaptation finance gap to insufficient commitments by developed nations.

7. Geographic Distribution of Climate Capital

Climate capital in India is geographically concentrated. Three states, Rajasthan, Gujarat, and Maharashtra, contributed more than 50 percent of total solar and wind capacity additions in H1 2025. Rajasthan and Gujarat dominate utility-scale solar deployment, owing to superior irradiance, land availability, and transmission corridor development. Karnataka leads on distributed solar and EV infrastructure, with the highest density of public charging stations as of mid-2025.

State	Key Climate Investment Role	FY2025 Capacity Role	EV Infrastructure Status
Rajasthan	Utility-scale solar and wind; large solar parks	Top state for RE capacity addition	Growing
Gujarat	Solar parks, green hydrogen, offshore wind (planned)	Among top three	Significant FDI presence
Maharashtra	Industrial decarbonisation; urban EV; off-shore wind	Among top three	Second highest charging stations
Karnataka	Distributed solar, EV adoption leadership, tech clusters	Strong	Highest: ~6,097 stations (Jul 2025)
Tamil Nadu	Wind energy historically dominant; solar scaling	Significant wind additions	Strong (EV roadmap announced Jun 2025)
Madhya Pradesh	Solar parks (Rewa model); agricultural solar	Meaningful	Developing
Uttar Pradesh	Green bonds (Ghaziabad, Indore MC); solar	Growing	Developing

Sources: MNRE; JMK Research (2025); IBEF (2025).

The geographic concentration of climate capital creates both efficiency (resource and transmission alignment) and equity concerns. Northeastern states, which face the greatest climate physical risks, attract proportionally minimal capital. Adaptation finance flows are not systematically tracked at the state level, a data gap that the RBI Climate Risk Information System (RBI-CRIS, launched May 2025) aims to begin addressing.

8. The Financing Gap: Current Flows Against Requirements

The most consequential finding of this report's aggregate analysis is the substantial gap between current climate finance flows and India's verified investment requirements. CPI analysis estimates that India will require INR 162.5 trillion (USD 2.5 trillion) by 2030 to meet its updated NDCs. Current tracked flows cover approximately one-third of this requirement. At longer horizons, India requires cumulative investments of USD 10.1 trillion to reach net-zero by 2070, against a current trajectory that implies a USD 10 trillion funding gap.

Metric	Value	Source
Annual climate finance requirement (NDC-aligned, various estimates)	USD 160 to USD 288 billion per year	Multiple (CPI, RBI/IMF)
Annual finance requirement: 4 key sectors (power, steel, cement, transport)	USD 54 billion per year (2022-2030)	Raj and Mohan (2025)
Total NDC finance requirement to 2030	USD 2.5 trillion (INR 162.5 trillion)	CPI (2022)
India's external finance absorption capacity to 2030	Up to USD 474 billion	Raj and Mohan (2025)
Current tracked flows as share of NDC requirement	Approximately one-third	CPI (2024)
Net-zero (2070) cumulative investment requirement	USD 10.1 trillion	CPI (2025)
Implied long-run funding gap (to 2070)	USD 10 trillion	CPI (2025)
EV sector: required capital to 2030 vs deployed (2020-25)	INR 10.3 lakh crore gap; 82% unmet	IEEFA (2026)

Note: Annual estimates vary by methodology (top-down vs. bottom-up) and sectoral scope. The Raj and Mohan (2025) figure of USD 54 billion per year covers only four sectors representing half of emissions; full-economy requirements are substantially larger.

Three structural factors constrain the scaling of flows. First, fiscal space is limited: the general government debt-to-GDP ratio remained elevated at 82.3 percent at end-March 2024, limiting the scope for sovereign balance sheet expansion. Second, the cost of capital for private climate projects in emerging markets can be up to seven times higher than in developed economies, per CPI analysis, deterring internationally competitive investment. Third, the absence of a national climate finance taxonomy and standardised disclosure frameworks impedes investor confidence and increases transaction costs.

9. Policy and Regulatory Framework

India's climate finance regulatory architecture has evolved substantively since 2022. The following framework elements are operationally significant for capital mobilisation in 2025-26.

Framework Element	Institution	Status (as of April 2026)	Significance
RBI Green Deposit Framework	Reserve Bank of India	Operational	Directs bank deposits into verified green projects
SEBI BRSR Core (enhanced disclosure)	SEBI	Mandatory for top 150 listed companies	Standardises ESG data for institutional investors
RBI Climate Risk Information System (RBI-CRIS)	Reserve Bank of India	Launched May 2025	Bridges climate data gaps for financial risk assessment
National Climate Taxonomy (green/climate finance)	Ministry of Finance / MoEFCC	Forthcoming; consultations underway	Will define eligible activities; critical for investor confidence
IFSCA Sustainable Finance Guidelines	IFSCA (GIFT City)	Operational	Governs sustainable finance instruments issued from GIFT City
Sovereign Green Bond Framework	Ministry of Finance / RBI	Active since January 2023; 8 tranches issued	Establishes sovereign benchmark; anchors yield curve
RBI Regulatory Sandbox (climate cohort)	Reserve Bank of India	Cohort established March 2025	Tests climate risk analytics and green credit products
Carbon Credit Trading Scheme (CCTS) / Article 6 engagement	MoEFCC / BEE	Domestic framework developing; Article 6 negotiations active	Establishes price signal for mitigation finance

Sources: RBI; SEBI; IFSCA; IEEFA (2025); MoEFCC.

The pending national climate finance taxonomy represents the most consequential near-term regulatory development. Without a credible taxonomy, the risk of greenwashing persists, investor due diligence costs remain elevated, and sustainable finance instruments cannot be calibrated to India's specific transition pathway. India's taxonomy is expected to be modelled on the EU Taxonomy while incorporating national development priorities and just transition considerations.

10. Key Findings

The following findings emerge from the aggregate mapping of climate finance flows in 2025-26.

- India's total tracked climate funding reached USD 31.32 billion in 2024, a 40 percent increase over 2023 and the highest on record.
- Equity markets experienced a structural shift: public market participation (IPOs and PIPEs) accounted for 60 percent of total equity funding, replacing early-stage venture capital as the dominant channel.
- The sustainable debt market crossed USD 55.9 billion in cumulative issuances by end-2024, placing India fourth among emerging markets globally.
- India was the world's largest recipient of DFI funding for clean energy generation in 2024, receiving USD 2.4 billion in project-type interventions.
- Renewable energy capacity additions reached a record 29.52 GW in FY2025, with solar leading at 23.83 GW. Capacity accelerated further through 2025, with 44.51 GW added by November.
- Despite this growth, current tracked flows represent only approximately one-third of the USD 170 billion annual requirement for NDC compliance.
- The hard-to-abate sectors (steel and cement) remain essentially unfinanced for deep decarbonisation: their combined requirement of USD 392 billion to 2030 lacks corresponding capital mobilisation.
- Adaptation finance is structurally absent from the public budget, with no ringfenced allocation in FY2025-26. This gap is acute given India's high and rising physical climate vulnerability.
- Geographic concentration of climate capital in Rajasthan, Gujarat, and Maharashtra creates a systemic risk: states with the highest climate vulnerability (notably the northeast) receive the least capital.
- The cost of commercial capital for EV and other climate sectors, at 15 to 33 percent for commercial borrowers, constitutes a structural barrier. Integrated risk-sharing platforms, not further subsidy, are the required intervention.
- The forthcoming national climate finance taxonomy and operationalisation of RBI-CRIS are the two most consequential near-term enablers for mobilising the private capital required at scale.

11. Data Annex

A. Principal Data Sources and Methodological Notes

Climate finance tracking is inherently imprecise. Flows are estimated using varying methodologies across institutions, and definitional inconsistencies (what counts as climate finance vs. green infrastructure vs. transition finance) introduce material comparability challenges. This report draws on the following primary sources, noting their scope and limitations.

Source	Organisation	Coverage	Key Limitation
Landscape of Green Finance in India	Climate Policy Initiative (CPI)	Real economy sectors; public and private; domestic and international	Lag of 2-3 years; does not cover all instrument types
India Sustainable Debt State of the Market 2024	Climate Bonds Initiative / MUFG	GSS+ debt instruments (bonds and loans)	Excludes unlabelled green loans and public finance
India Climate Finance Report 2024	Climake	Equity and debt capital raised by climate enterprises	Private sector focus; excludes public budget flows
World Energy Investment 2025 (India chapter)	International Energy Agency	Power sector investment; DFI flows	Power sector only; partial coverage of non-energy sectors
IEEFA EV Investment Report (2026)	IEEFA	Electric transport sector capital	Focused on transport; does not cover other sectors
MDB Joint Climate Finance Report 2023	World Bank, ADB, IFC and others	MDB-attributed climate finance globally	Global totals; India-specific disaggregation inconsistent
Union Budget 2025-26 documents	Ministry of Finance, Government of India	Sovereign budget allocations	Does not capture off-budget PFI flows
MNRE / PIB capacity data	Ministry of New and Renewable Energy / PIB	Renewable energy installations	Capacity, not finance flows

B. Exchange Rates and Conversion Conventions

INR/USD conversions in this report use the approximate prevailing rate of INR 84-86 per USD, consistent with the rate range applicable across FY2025. Historical figures use the rate applicable

at the time of original source publication. All figures are presented in current (nominal) prices unless otherwise stated.

C. Glossary of Key Terms

Term	Definition
Climate finance	Financial flows, public or private, directed at climate change mitigation and/or adaptation.
Mitigation finance	Capital directed at reducing or preventing greenhouse gas emissions.
Adaptation finance	Capital directed at managing the physical impacts of climate change.
GSS+ debt	Labelled green, social, sustainability, and sustainability-linked bonds and loans.
DFI	Development Finance Institution, including multilateral, bilateral, and national development banks.
PFI	Public Financial Institution; in India's context, primarily PFC, REC, IREDA, and NABARD.
Blended finance	The strategic use of public or concessional capital to mobilise private capital.
Greenium	The yield differential (premium or discount) between a green bond and a comparable conventional bond.
NDC	Nationally Determined Contribution; India's formal climate commitment under the Paris Agreement.
CCTS	Carbon Credit Trading Scheme; India's domestic carbon market mechanism under the Energy Conservation Act.

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