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Category: whether market intermediary/ participant (mention type/ category) or public (investor, academician etc.): Registered Civil Society Organisation				
Sr. No.	Extract from Consultation Paper	Issues (with page/para nos., if applicable)	Proposals/ Suggestions	Rationale
1.	3.2 a: To amplify the definition of green debt securities	Para 2.2 & 3.2, a.	Inclusion of circular economy adapted products, production technologies and processes, pollution prevention and control measures, environmentally sustainable management of living natural resources and land use, terrestrial and aquatic biodiversity conservation ¹ , within the definition of ‘green debt security’ under Regulation 2(1)(q) of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations (NCS Regulations)	Pollution control measures would include reduction of air emissions, greenhouse gas control, soil remediation, waste prevention/minimization, waste reduction, waste recycling and energy/ emission efficient waste to energy. Circular economy products such as the design and introduction of reusable, recyclable and refurbished materials, components and products, circular tools and services and/or certified eco-efficient products, would amplify the definition of ‘green bonds.’ Inclusion of production technologies and processes would provide scope to include emerging areas requiring sustainable finance, such as data centres which need cooling facilities. These are attractive avenues of investment, as identified under Para 7.
2.	3.2 a: To amplify the definition of	Para 2.2 <i>(i) Renewable and sustainable</i>	Herein, hydrogen fuel and energy should be also added to this clause	Under the National Hydrogen Mission, India is targeting to produce three-fourths of its hydrogen

¹ [Green Bonds for Greener North Eastern Region](#)

	green debt securities	<i>energy including wind, solar, bioenergy, other sources of energy which use clean technology</i>	under the definition of “green debt security”.	from renewable resources by 2050. ² To achieve this target large investment in the hydrogen fuel and energy sector will be required. This financing can be done through green bond securities.
3.	3.2 b: to introduce the concept of blue bonds	Para 9.1	A standardised definition of Blue Bonds would be necessary before the introduction of this instrument in the Indian markets.	There has been scepticism and criticism of pre-mature introduction of Blue Bonds in the Indian market. These bonds should be outcome-based securities so that investors are clear on the utilisation of proceeds. Under the present taxonomy, the meaning of ‘blue’ also includes “oceanic resource mining”, which investors may not be willing to finance. Rather, the allocation of blue bonds proceeds should be towards pollution control and prevention, especially in India where waste management is not efficient and results in dumping of sewage and industrial waste into the oceans.
4.	3.2 b: to introduce the concept of blue bonds	Para 3.2b, 9.1	If oceanic resource mining has to be introduced within the definition of Blue Bonds, strict science-based guidelines should be in place.	Mining of nickel, copper, cobalt and manganese are critical minerals for green transition due to their use in manufacture of batteries, electric vehicles and other energy efficient and renewable energy sources. Therefore, guidelines for environmentally sustainable mining have to be formed to attract international and national buyers of blue bonds in the Indian market.

² <https://pib.gov.in/PressReleasePage.aspx?PRID=1799067>

5.	3.2 c: to reduce the compliance cost for issuers of green debt securities with while not creating any perverse incentives that may lead to 'greenwashing'	Para 3.2 c, Para 11.1	<p>Eligibility criteria for private companies issuing green bonds should be relaxed. Entry barriers such as higher demarcated financial eligibility criteria may prevent smaller companies and start-ups who maybe interested in innovative sustainable financing from raising capital via green bonds. Reduction in compliances will also help in overall facilitation of the green bonds market in India.</p> <p>This relaxation should also be supported by robust monitoring and evaluation of the companies to ensure that 'greenwashing' is prevented. These should include expert third party certification agencies, enhancing disclosure norms, and monitoring through regulatory technological measures. The private companies issuing green bonds should be subject to independent verification of the sustainability credentials and</p>	Reserve Bank of India (RBI) data suggests that most of the green bonds in India are issued by the public sector units or corporates with better financial health. In India the cost of issuing green bonds has generally remained higher than the other bond. Despite being relatively secured, the higher borrowing cost of green bonds in India could be on account of asymmetric information, higher risk perception and other governance issues. ³
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³[Reserve Bank of India - RBI Bulletin](#)

			continuous monitoring and reporting.	
6.	3.3 Suggestions are also solicited towards increasing avenues for sustainable finance in India, while considering India's unique goals of pursuing high growth with sustainable development.	Para 3.3	Sustainable finance can be broadened in its scope beyond environmental criteria. Worker welfare practices, community engagement and inclusive corporate governance are important and contribute to achieving the UN Sustainable Development Goals (SDGs). ⁴	Sustainable corporate practices and reporting are encompassed in the framework of ESG, that is the environment, social and governance criteria of a firm's sustainability activities. Social criteria examines how a firm manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.
	6.3 a Whether the above-mentioned initiatives offer any scope for financing through green bonds?		To fund the initiatives and achieve India's targets ⁵ the framework of green bonds should be strengthened by increasing the scope of disclosures and having a robust reporting and monitoring framework. The scope should cover not only reporting and disclosing the allocation of proceeds, but also what kind of technology and social practices were adopted to achieve the objectives.	Technology is playing a vital role in the net-zero transition for several of these rapidly evolving sectors. The objectives under the initiatives are well defined, but the means to achieve the objective should also fall under the 'green' taxonomy. This would increase investor confidence and prevent misuse of the funds and greenwashing.
8.	6.3 b.		Green Infrastructure Investment Trust	Feasibility studies for green infrastructure

⁴ [Goal 14 | Department of Economic and Social Affairs](#)

⁵ [National Statement by Prime Minister Shri Narendra Modi at COP26 Summit in Glasgow \(mea.gov.in\)](#)

	Please offer comments on whether there are any additional policies/ schemes in line with the above objective, if any?		(InvITs) which can facilitate growth of green bond markets, and innovations in the green bond framework can be explored. Furthermore, collaborative platforms such as Green Bond Market Development Committees and the International Solar Alliance can be used to provide needed support for the growth of the green bonds market in India. ⁶	investment trusts have not yet gained traction and wide-scale uptake in India. This offers a significant scope to widen the scope of green lending, with an increased role of institutional investors. Similar initiatives can be undertaken for Alternative investment funds.
9.	9.8 a. Whether the above-mentioned initiatives offer any scope for financing through blue bonds?	Para 9.8 a, 9.2	Blue Bonds present an immense potential in India as an instrument for promoting sustainable fishing , in the presence of the large-scale employment opportunities from the fisheries sector as well as due to the large-scale unsustainable fishing practices prevalent in the said industry. The adoption of which, with periodic evaluation by SEBI will entail the same benefits for the Indian coastline as it was evident in the Island of Seychelles	The Food and Agriculture Department of the United Nations reported that according to the last estimates for 2017, the fisheries industry in India provided about 13 million jobs which included 4.1 million in aquaculture, 6.33 million in inland capture, 1.9 million in marine capture and 0.5 million for others including subsistence and further women represented about 32 percent of the people employed in this sector. ⁷ The Fisheries Industry in India is therefore the source of the largest employment and also a vital contributor to the country's economic development.

⁶ [HOW GREEN BONDS CAN DRIVE CLEAN ENERGY DEPLOYMENT](#)

⁷ *Fisheries and Aquaculture*, Food and Agriculture Organisation of the United Nations, available at <https://www.fao.org/fishery/en/facp/ind/> .

			which first introduced sovereign blue bonds (with success).	Despite its employment potential, the industry however, is plagued with unsustainable fishing practices such as trawling that has harmful implications to the aquatic and marine environment. It has been further reported that out of a total assessed stock of 52 species of various finfish and shellfish along the Indian coast, nearly 44 percent are beyond their biologically sustainable levels. ⁸
10.	11.9 b Please offer comments on whether any additional regulatory/ technical solutions against greenwashing	Para 11.9 b	Green audits can be made mandatory for listing green securities and penalties can levied in the event of any false representations. This can be first operationalised for the bigger companies (by market capitalisation). The reporting and disclosures will need to be closely monitored.	Coordination between regulatory authorities such as Ministry of Corporate Affairs and SEBI to monitor, verify and review claims through regulatory technology (RegTech) and Supervisory Technology (Sup Tech) will be necessary to implement the regulations for preventing Greenwashing. Partnership with credible civil society organisations can be explored for the monitoring and evaluation of the on-ground situation of allocation of proceeds by the firm.

⁸ *Towards sustainable marine fisheries value chain: Reflections amid COVID-19 crisis*, Down to Earth, (July 2020), available at / <https://www.downtoearth.org.in/blog/economy/towards-sustainable-marine-fisheries-value-chain-reflections-amid-covid-19-crisis-72559#:~:text=It%20is%20estimated%2C%20against%20the,beyond%20their%20biologically%20sustainable%20levels./>