

Primus Partner Report

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Rs 11 Lakh Cr Climate Finance Gap Threatens India's Green Goals



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As India confronts Rs 11 lakh crore annual green capital gap, Primus Partners' report calls for urgent climate finance solutions

India's ambitious climate commitments, outlined under the 'Panchamrit' goals at COP26, need an urgent, structured approach to green financing. Despite global growth in climate finance, India faces a Rs 11 lakh crore annual shortfall in green capital, threatening its transition to a low-carbon economy, according to a report by Primus Partners.

Primus Partners' latest thought leadership report stated that India needs Rs 162.5 lakh crore by 2030 to meet its Nationally Determined Contributions (NDCs), but current green finance mobilization covers only 30 per cent of the need. Investors are increasingly prioritising sustainability-linked financial products. Valued at USD 27.48 trillion in 2023, the global ESG investment market is anticipated to reach USD 130.88 trillion by 2032, it added.

The report highlighted the '3I Framework' – Instruments, Institutions, and Incentives – as a roadmap to help SMEs access climate finance through green bonds, blended finance, and sustainability-linked loans. The government's proposed climate finance taxonomy and green financing policies, such as SEBI's green bond regulations and RBI's climate risk framework, are key enablers but need faster implementation.

"India's green transition represents both an environmental necessity and an economic opportunity. To meet our ambitious climate goals, we must unlock innovative financing models and ensure SMEs can access the capital they need to scale green initiatives. This report outlines actionable steps that both policymakers and investors must take to close the green capital gap and accelerate India's sustainability mission," said Pooja Lahri, Vice President at Primus Partners. The report noted that achieving scale in climate finance calls for a collaborative, multi-stakeholder approach. It called for combining government-backed guarantees with private capital to de-risk green investments, standardising sustainability reporting frameworks to help drive transparency and facilitate green investment decisions. Creating a national blockchain-based carbon credit system will help SMEs monetise emission reductions via a real-time carbon tracking platform, it stated.