

India's sustainable debt market tops USD 55.9 billion – new MUFG-Climate Bonds Initiative report maps rapid growth and pathways to 2030

India, 27 June, 2025: MUFG Bank (MUFG) in collaboration with Climate Bonds Initiative (Climate Bonds) and under the aegis of the India Initiative on Climate Risk and Sustainable Finance (IICRSF), released India Sustainable Debt State of the Market 2024. The report provides the most comprehensive analysis to date of India's green, social, sustainability and sustainability-linked (GSS+) debt universe and sets out the opportunities and actions required to fuel India's low-carbon, inclusive growth story.

By December 2024, India's cumulative aligned GSS+ issuance had reached USD 55.9 billion, representing a 186% increase since 2021. Green bonds remain the powerhouse of activity, accounting for 83% of total aligned issuance, but the market is rapidly diversifying in terms of themes, instruments and issuer types.

Key highlights from the report

- **Fourth-largest emerging-market source:** India ranks as the fourth-largest emerging market source of aligned GSS+ debt globally following China, South Korea, and Chile.
- **Sovereign leadership:** Since January 2023 the Government of India has issued eight sovereign green-bonds totalling INR 477 billion (\approx USD 5.8 billion), creating a domestic green yield curve.
- **Investor base widens:** Participation from DFIs, global asset managers and banks is deepening secondary-market liquidity.
- **Green-labelled instruments dominate:** Green bonds and loans account for 83% of total aligned volume. Loans make up 39% of that green segment, and 2024 alone saw USD 5.5 billion of labelled green-loan deals across 19 corporates.
- **Social finance accelerates:** Seven aligned social bonds in 2024 added USD 5.5 billion, lifting cumulative social-bond volume to USD 6.6 billion; NBFCs also raised USD 1.8 billion in social loans during the year.
- **Municipal milestone:** Vadodara Municipal Corporation's INR 1 billion Climate Bonds-Certified issue became Asia's first certified municipal green bond, signalling fresh momentum in urban finance.
- **Climate funding gap:** India's overall climate investment need stands at USD1.3 trillion by 2030, with USD756 billion expected from private sources opening up space for both infrastructure-scale and innovative financing models.

- **Transition finance gap:** Decarbonising steel and cement alone will require USD 650 billion, presenting one of India's largest opportunities for transition-aligned capital.
- **Diversifying currency mix:** Currency trends reveal the USD as the dominant choice (55%), followed by the INR (44%), supported by sovereign bonds and domestic loans. JPY and EUR are also emerging as viable alternatives for Indian issuers.
- **Innovative portfolio financing grows:** Banks and NBFCs are exploring innovative structures bundling rooftop-solar, e-mobility and waste-management assets into portfolio financings that are subsequently refinanced through labelled bonds and loans.
- **Policy tail-winds strengthen:** SEBI's enhanced BRSR Core requirements¹, the RBI's Green Deposit Framework², IFSCA's sustainable finance guidance³ and a forthcoming national climate taxonomy⁴ are standardising disclosures and boosting investor confidence.

Neha Kumar, Head of South Asia, Climate Bonds Initiative, commented: "We are witnessing a moment of inflection. Bolder ambition and catalytic partnership between policy and market actors will remain the staple ingredients to actualise the potential for exponential growth in the Indian sustainable debt market."

Roopa Satish, Primary Advisor, Markets – South Asia, Climate Bonds Initiative, commented: "India's GSS+ market has moved beyond early experimentation to become a credible, dynamic avenue for financing the country's green and inclusive transition. The data confirms not just scale, but growing integrity, innovation, and mainstreaming across sectors."

Colin Chen, Head of Sustainable Finance for APAC, MUFG Bank, commented: "This report confirms the opportunities in India's sustainable finance market. We expect stronger client flows as businesses further embed sustainability into their portfolios, and MUFG is ready to deploy capital and expertise to turn those opportunities into measurable environmental progress."

¹ BRSR Core is a streamlined subset of SEBI's broader Business Responsibility and Sustainability Reporting. Introduced in July 2023, it focuses on essential ESG metrics and assurance requirements for India's largest listed companies ([link](#))

² Launched via circular on April 11, 2023 and effective from June 1, 2023, provides a structured mechanism for regulated entities—commercial banks, small finance banks, deposit-taking NBFCs/HFCs—to mobilize deposits specifically earmarked for green financing ([link](#))

³ On April 26, 2022, IFSCA issued a circular introducing a Guidance Framework on Sustainable and Sustainability-Linked Lending for all IFSC Banking Units and Finance Company/Units operating within the International Financial Services Centre (IFSC) in GIFT City, effective from the financial year starting April 1, 2023 ([link](#))

⁴ India's National Climate Finance Taxonomy (draft) is a strategic framework designed to channel capital into climate-aligned activities while supporting India's transition to net-zero by 2070. ([link](#))

Gaurav Bhagat, Managing Director, Global Corporate & Investment Banking Division, MUFG Bank, commented: "MUFG has long been at the forefront of driving innovation and impact through our commitment to sustainable finance. This report provides a timely reference point on where our clients, investors and stakeholders stand in India's net zero journey, and will help shape the path forward towards greater scale and innovation in this space."

The launch also underscores MUFG's strong commitment to climate action. The bank aims to mobilise JPY 100 trillion in sustainable finance by FY2030, with JPY 50 trillion earmarked for environmental initiatives. As of the first half of FY2024, MUFG had already delivered approximately JPY 15 trillion, achieving nearly 30% of this ambitious target.

The full report is available here:

<https://www.climatebonds.net/data-insights/publications/india-sustainable-debt-state-market-2024>

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About MUFG

Mitsubishi UFJ Financial Group, Inc. (MUFG) is one of the world's leading financial groups. Headquartered in Tokyo and with over 360 years of history, MUFG has a global network with approximately 2,000 locations in more than 40 markets. The Group has about 140,000 employees and offers services including commercial banking, trust banking, securities, credit cards, consumer finance, asset management, and leasing.

The Group aims to "be the world's most trusted financial group" through close collaboration among our operating companies and flexibly respond to all of the financial needs of our customers, serving society, and fostering shared and sustainable growth for a better world. MUFG's shares trade on the Tokyo, Nagoya, and New York stock exchanges.

MUFG Bank, Ltd. is Japan's premier bank, with a global network spanning more than 40 markets. Outside of Japan, the bank offers an extensive scope of commercial and investment banking products and services to businesses, governments and individuals worldwide.

In Asia Pacific, MUFG has a presence across 18 markets – Australia, Bangladesh, China, Hong Kong, Indonesia, India, South Korea, Laos, Malaysia, Myanmar, New Zealand, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam.

It has also formed strategic partnerships with some of the most prominent banks in South-east Asia, further augmenting its unrivalled network across the region – VietinBank in Vietnam, Krungsri in Thailand, Security Bank in the Philippines and Bank Danamon in Indonesia.



Under the Group's current three-year Medium Term Business Plan ending FY2026, MUFG is dynamically pursuing opportunities to expand and invest in Asia's growth. This will be guided by an unrelenting focus on capturing recurring revenue opportunities; challenging ourselves in new domains; capitalising on the growth of key markets like India, cultivating an Asian digital strategy while consolidating and concentrating on core competencies.

<https://www.bk.mufg.jp/global/globalnetwork/asiapacific/index.htm>

About the Climate Bonds Initiative

Climate Bonds is the leading international non-governmental organisation mobilising global capital for climate action. We drive the growth of the green and sustainable debt market through science-aligned frameworks including our taxonomies and standards, our Certification, our data and insights, and our provision of expert policy and technical advice. More information on our website here.

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