

Ahead of COP28 Summit, experts discuss plan to bridge Rs 16 tln gap in MSME sustainable finance



India is expected to present strategy to promote sustainable finance for de-carbonising MSME sector at the conference.

The 28th session of the Conference of the Parties (COP 28) of the UN

Framework Convention on Climate Change ([UNFCCC](#)) will convene at Dubai from November 30 to December 12. India is expected to present strategy to promote [sustainable finance](#) for de-carbonising [MSME](#) sector at the conference.

"SBI is the first commercial bank in India to set up a ESG & Climate finance Unit to support Green Finance and meet the bank's target of achieving net zero. We are committed to expand our green finance portfolio, which currently stands at Rs. 36,000 crore. We have also tied up USD 2.3 billion worth credit lines from multilateral institutions such as World Bank in different currencies. We will pass on the concessional terms of these credit lines to MSME borrowers implementing clean technology projects. Of this, USD 1.9 billion credit line is for renewable energy projects and the remaining for electric mobility and other clean technology projects," Pratyush Mehrotra, Deputy General Manager, ESG and Climate Finance Unit, [State Bank of India \(SBI\)](#), said in a statement.

Mehrotra suggested the government to announce green taxonomy for effective implementation of the RBI's green bond issuance framework and green deposit guidelines.

"Around 93% of MSMEs in India lack access to formal credit. Only 16% of commercial bank funding goes to the MSME sector. There is Rs. 16 trillion gap in sustainable finance for MSMEs in India. Therefore, TERI has launched the Expert Group on financing MSMEs for Long Term Low Carbon Development Strategy in association with Bloomberg Philanthropies," said Manish Kumar Shrivastava, Associate Director, Climate Policy & Financing, TERI.

"Access to sustainable finance is a distant dream for MSMEs who struggle to get even working capital loans to run day to day operations. India needs to bridge the gap in sustainable finance for MSMEs before the new carbon tax of the European Union becomes effective. RBI may expand the scope of priority sector lending norms to include de-carbonisation projects," said Vijay Kalantri, Chairman, MVIRDC WTC Mumbai and President, All India Association of Industries (AIAI).

Kalantri suggested government subsidy for clean technology projects of MSMEs and effective implementation of existing policies to transition to a low carbon economy. Kalantri informed that WTC Mumbai and AIAI will work closely with TERI on policy advocacy and creating a facilitative environment for MSMEs to adopt clean technologies.

Arupendra Nath Mullick, Vice President, TERI Council for Business Sustainability informed that India will propose its action plan for enhancing flow of sustainable finance to MSMEs at the COP 28 Summit in Dubai later this year.