

Green financing of NABARD

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Context

In recent years, [NABARD](#) has taken several initiatives to promote green financing, which aligns with the government's vision of sustainable development.

Details

- [National Bank for Agriculture and Rural Development \(NABARD\)](#) have been the vital players in making the Indian people and country more sustainable.
- The example of such action is green financing for Pradhan Mantri Awas Yojana (PMAY), one of the flagship programs of the government, that is for providing affordable housing.

What is Green Financing?

- Green financing's definition provides that money is invested in projects or among initiatives which promote environmental sustainability and reduce carbon footprint.
- It is through financing the projects that use renewable energy resources, minimise energy consumption, increase the level of sustainable farming as well as back eco-friendly construction.
- Green finance is as important as its own name states, for achieving sustainable development and thereby battling against the effects of climate change.

NABARD's Green Financing Initiatives

It is evident that [NABARD](#) India is key in this regard for promoting green financing in our country. The organisation has a track record of using a variety of approaches that support sustainable development transformation in the country. Some of the notable initiatives include:

- **Green Bond:** NABARD has started issuing green bonds to raise money which will in turn go towards financing activities related to ecological well-being. Green bonds remain issued for the purpose of financing eco-oriented initiatives.
- **Sustainable Agriculture:** NABARD has advanced various programs to move toward more sustainable farming in India. It facilitates inputs such as financial support to farmers and their application of environment-based farming techniques and it enhances organic farming.
- **Renewable Energy:** NABARD can fund renewable energy projects, which can range from solar power to wind power. It also provokes greater energy efficiency and leads to reduction of energy consumption.

Green Financing of PMAY

- PMAY is the central government's scheme seeking to ensure housing for all, ensuring a resident's shelter is affordable and is of the highest possible quality.
- NABARD has taken part in a collaborative endeavour with the Ministry of Housing and Urban Affairs to finance the [PMAY](#) green program.
- Set targets to ensure that the green financing for PMA's initiative will promote environmentally friendly housing and contribute to the reduction of the carbon footprint.

Benefits of Green Financing of PMAY

- **Sustainable Housing:** Green financing contributes to the improvement of energy saving technologies as well as boosting carbon footprint standards. It develops the use of nature-friendly materials and supports eco-responsible construction techniques.
- **Energy Efficiency:** Green financing spurs building and industrial efficiency while reducing their energy consumption. It leads to employment of renewable energies and energy saving devices.
- **Environmental Sustainability:** Green financing provides advancement and protection from the environment and catastrophes due to climate change. It lets green materials and biodiversity-focused planning be implemented.

Challenges and Opportunities

- **Lack of Awareness:** Stakeholders address these issues incorrectly or don't consider their complexities in depth. NABARD and the government should be able to propagate green financing knowledge and create public consciousness through such activities as school booklets, seminars, and workshops.
- **High Upfront Costs:** On the other hand, green financing demands outright upfront

payment that becomes hurdles for most participants. The need for the Green Credit Scheme, monitored by NABARD to be a part of an overarching government agenda is essential and that should be fulfilled through subsidies and financial incentives.

- Scalability: The low carbon reading should be enhanced to match the [PMAY](#) interests. Funding shall be jointly pumped up with NABARD and government to pioneer the strategic green financing and sustainable development.

Way Forward

- Increase Awareness: Both NABARD and government need to make efforts in creating the awareness on green financing and advantages of the same among the key stakeholders.
- Provide Incentives: NABARD and the government require givebacks and subventions so that the green financing gets an enhancement.
- Scale Up: A collaborative approach between the NABARD and the government is urged to upscale green financing and boost eco-friendly development.

Conclusion

The green financing of NABARD-PMAY is a significant initiative that promotes sustainable development and reduces carbon footprint. It encourages the use of eco-friendly materials, sustainable construction practices, and renewable energy sources. While there are several challenges, the benefits of green financing of PMAY far outweigh the challenges. NABARD and the government need to work together to promote green financing and achieve sustainable development.

Source: [The Hindu](#)

UPSC Mains Practice Question

Q. Discuss the significance of green financing initiatives by NABARD in promoting sustainable development in India. Evaluate the effectiveness of NABARD's green financing strategies in addressing environmental challenges and fostering inclusive growth.