



PRESS RELEASE

Incentive provided by IFSCA for filing of ESG Funds by Registered FMEs at GIFT IFSC

It is estimated that to meet its ambitious net zero target by 2070 and related climate goals, India needs around USD 10 trillion. ESG Funds are a significant source to pool money from international investors into sustainable projects in India which will assist in the furtherance of the nation's climate goals.

Towards this, the International Financial Services Centres Authority (IFSCA) is incentivising Fund Management Entities (FMEs) to establish Environmental, Social, and Governance (ESG) funds at the GIFT IFSC, in a significant step to promote sustainable finance. This move is another step in attaining the vision of GIFT IFSC becoming a global climate finance hub and is expected to encourage fund managers to focus on investments that align with responsible and sustainable business practices.

International Banking Units in IFSC have distributed more than USD 1.5 Bn green/sustainable loans in the financial year 2023-24. Out of these USD 1.5 Bn lending, around USD 577 million went into social lending and USD 280 Million went into sustainability-linked lending.

Further, GIFT IFSC is emerging as a preferred platform for Indian corporates to raise sustainable capital through IFSC exchanges. As on date, out of total debt listings of USD 59.5 Bn, around ESG-labelled debt securities amounting to USD 13.07 Bn have been issued on IFSC exchanges. These are Green, Social, Sustainable or Sustainable Linked Bonds (GSS+) following internationally accredited Green Bond frameworks developed by Climate Bond Initiatives or International Capital Market Association, etc,

To encourage green private capital to be channelised via the fund route, IFSCA has waived the fund filing fees for the first 10 ESG funds filed by Registered FMEs at GIFT IFSC. So far, while one Registered FME, has already availed the said incentive provided by IFSCA by launching an ESG Fund it is observed that awareness regarding ESG Funds and the incentives provided by IFSCA is limited only to the Fund managers.

These incentives show IFSCA's commitment to not only attracting foreign and domestic fund managers to GIFT IFSC but also promoting ESG principles in investment decisions. As sustainable finance continues to grow globally, this initiative will allow GIFT IFSC to be at the forefront of this evolving financial trend.

Date: 27 September 2024

Place: GIFT City, Gandhinagar