

# India's first-ever Euro Green Bond

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**In news**– Recently, **Power Finance Corporation Ltd (PFC)**, the leading NBFC in the power sector, has successfully **issued its maiden Euro 300 million 7-year Euro Bond issuance.**

## **Key updates-**

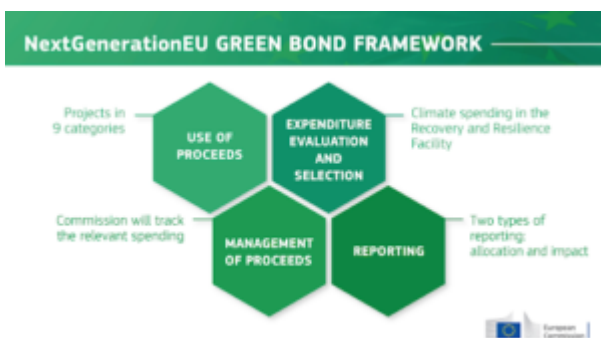
- It is the **first ever Euro denominated Green bond issuance from India.**
- Moreover, it is the **first ever Euro issuance by an Indian NBFC** and the first Euro bond issuance from India since 2017.
- The pricing of 1.841 per cent achieved is the **lowest yield locked in by an Indian issuer in the Euro markets.**

## **What are Green Bonds?**

- Green bonds work just like any other corporate or government bond.
- Borrowers issue these securities in order to secure financing for projects that will have a positive environmental impact, such as ecosystem restoration or reducing pollution.
- The European green deal of 11 December 2019 underlined the need to better direct financial and capital flows to green investments.
- The **European green deal investment plan of January 2020** announced that the Commission would establish an **EU green bond standard (EUGBS).**
- EUGBS is a voluntary standard to help scale up and raise the environmental ambitions of the green bond market.

## **NextGeneration EU Green Bonds framework-**

- The NextGenerationEU Green Bond framework is a step forward towards enabling the Commission to issue up to some €250 billion green bonds, or 30% of NextGenerationEU's borrowing.
- The framework was prepared by the European Commission, which will issue the NextGenerationEU green bonds on behalf of the EU.
- The framework provides information to investors about how their investments in green bonds will be used, and how the Commission intends to report on the use of proceeds.



The framework centres around **four main pillars**—

1. Use of proceeds.
2. Process for expenditure evaluation and selection.
3. Management of proceeds.
4. Reporting.

### **Power Finance Corporation Ltd. (PFC)-**

- Incorporated on July 16th, 1986, Power Finance Corporation Ltd. (PFC) is a Schedule-A Navratna CPSE.
- It is a leading Non-Banking Financial Corporation in the country.
- PFC's registered office is located at New Delhi and regional offices are located at Mumbai and Chennai.
- It is under the administrative control of the Ministry of Power.
- It is designated as a nodal agency for development of Integrated Power Development Scheme(IPDS), Ultra Mega

Power Projects (UMPPs) and bid process coordinator for Independent Transmission Projects (ITPs)

- PFC is also one of the promoters in Energy Efficiency Services Limited (EESL), with NTPC, Powergrid and REC being the other promoters.