

SEBI's Blue Bonds

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In news- The Securities and Exchange Board of India (SEBI) has recently proposed the concept of blue bonds as a mode of sustainable finance.

About Blue bonds proposal-

- According to SEBI, these securities can be utilised for various blue economy-related activities, including oceanic resource mining and sustainable fishing.
- **The proposals are aimed at aligning with the updated Green Bond Principles (GBP)** published by the International Capital Market Association (ICMA).
- Since the framework of green debt securities was laid down by the SEBI, there have been multiple events in the sustainable finance space around the world, thereby necessitating a review in the Indian context.
- It has said that **India has tremendous scope for deployment of blue bonds in various aspects of the blue economy like oceanic resource mining**, sustainable fishing, national offshore wind energy policy and in the area of blue flag beach eco-tourism model that provide the tourists clean and hygienic bathing water facilities.
- Further, the regulator **has suggested adding two categories – pollution prevention and control and circular economy adapted products – as eligible green projects.**

What are Green Debt Securities (GDS)?

- **SEBI framework defines Green Debt Securities (GDS)** as debt securities issued for raising funds that are to be utilised for projects or assets falling under certain categories.
- **Most of the green bonds issued by Indian issuers are**

listed on offshore exchanges as issuers are finding it more attractive to list on bourses falling outside Sebi's framework.

- The regulator noted that **one of the main hurdles for further growth has been a consistent and robust approach to identifying what is considered 'green'**.
- **It further said that a lack of clarity in this regard leads to greenwashing which is defined as the practice of channelling proceeds from green bonds towards projects** or activities having negligible or negative environmental benefits.

What is the Blue economy?

- According to the World Bank, the **blue economy is the "sustainable use of ocean resources for economic growth, improved livelihoods, and jobs while preserving the health of the ocean ecosystem"**.
- 'Blue economy' aims at optimal utilisation of all sectors of the maritime domain, from living and non-living resources, tourism, ocean energy towards the sustainable development of coastal areas.
- India has a 7,500 kilometre-long coastline and 14,500 kilometres of navigable inland waterways, and the development of the blue economy can serve as a growth catalyst.
- **At present, the blue economy comprises 4.1 per cent of India's economy.**

Further

reading:

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