

Green bond issuances set to get a fillip

● BoB's ₹10,000-cr infra bond issue a major step

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THE SUCCESS OF Bank of Baroda's (BoB) ₹10,000 crore green infra bond issuance, the first such issuance from an Indian bank, is expected to encourage other banks to tap the space as well. In addition, it marks a major step in the renewable lending space and sustainable finance, experts said.

According to sources, banks such as Union Bank of India and Indian Bank are already evaluating this strategic option after seeing the strong demand in BoB's issuance.

The issue saw bids totalling ₹16,415 crore—more than



triple the base size of ₹5,000 crore. It secured a competitive cut-off coupon of 7.10%, offering a 'greenium.' It got a spread of 38 basis points (bps) over the 10-year government bond compared to the typical spread of 60-70 bps.

“With the rising focus on environmental sustainability, banks continue to scale up their exposures to the renewable energy sector, which is one of the

key growth areas. The sector's rapid expansion is attracting sustained capital inflows, with banks actively capitalising on the opportunities,” said Sachin Sachdeva, vice president & sector head - financial sector ratings, ICRA.

Bank lending to the renewable segment has been on the rise. State Bank of India sanctioned ₹1.34 lakh crore as of December 2025 for renewable

projects. Union Bank of India's renewable portfolio grew 35% year-on-year (YoY) to ₹16,442 crore, whereas Punjab National Bank sanctioned ₹14,479 crore.

On the other hand, credit extended to petroleum, coal products, and nuclear fuels has moderated to 14.5% in February compared to 19% a year ago, according to the Reserve Bank of India (RBI) data.

“The funding for renewables

is in the right direction, as energy security is a top priority. The dependency on fossil fuel will reduce over time due to geopolitical oil risks, necessitating the evolution of renewables—which, in turn, demands greater funding,” said Vivek Iyer, partner and financial services risk leader, Grant Thornton Bharat.

He added that infra green bonds enable pure long-term borrowings for lending, avoiding banks' asset-liability mismatches—making them a prudent funding choice for renewable energy space as these are longer projects.

India aims to produce 500 gigawatts from non-fossil sources by 2030 and has achieved more than 50% of its cumulative electric power capacity as of now. Experts indicate the target remains achievable if the country sustains its current pace.