GROW
GREENING OF FINANCE BY WOMEN
An Initiative under GIFS

Green Indian Financial System

PARIVARTAN PULSE

PHASE II, EDITION 5 | August 2026 - October 2026
Updates from the Green Indian Financial System

OPENING NOTE

The foundation of GIFS Phase II was shaped by lessons from Year 1 (2025–26), with stakeholder consultations highlighting the need for targeted, sector-specific support for financial institutions (FIs) and micro, small, and medium enterprises (MSMEs). In Year 2 (2026–27), the program will equip FIs with practical tools and frameworks to translate green and climate finance concepts into actionable practices and integrate them into credit decision-making and risk management. GroW will continue to strengthen connections among women in green finance through mentorship, peer learning, and networking opportunities. TAC will support MSMEs in identifying relevant green technologies, assessing investment needs, developing viable projects, and securing appropriate financing. These priorities address stakeholder-identified gaps in knowledge, technical capacity, and access to finance, helping translate green finance ambitions into practical action.

In this quarter, these priorities were reflected in two Technical Assistance Centre (TAC) trainings for financial institutions (FIs). The sessions focused on integrating green finance schemes into lending to textile and auto MSMEs. A new Sector Spotlight examined climate risks across India's fruits and vegetables value chain. It explored whether existing financing mechanisms reach the businesses and assets most exposed to climate-related losses. Together, these efforts aim to strengthen institutional capacity and improve access to green finance for MSMEs.

Quarter at a glance

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TAC FI Trainings
August 31 and September 17, 2026

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RECORDED ATTENDANCES
From financial institutions

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KNOWLEDGE HUB
GIFS resource featured

2
CLUSTER PARTNERSHIPS
MoUs with industry associations



Technical Assistance Center: Training for Financial Institutions
Integrating Green Finance Schemes into Auto MSME Lending

This Quarter in Action



YEAR 2 ROADMAP | BUILDING ON YEAR 1 LEARNINGS

From Building Readiness to Enabling Green Finance Flows

The Year 2 (2026–27) roadmap builds on lessons from the first year of GIFS Phase II to strengthen support for financial institutions, women-led enterprises, and MSMEs, with a focus on translating learning into practical action.

WHY IT MATTERS: Expanding green finance requires more than awareness. It calls for stronger institutional capabilities, financing approaches tailored to sector needs, and closer collaboration among financial institutions, MSMEs, and ecosystem partners.



INSTITUTIONAL CAPACITY | August 2026

Integrating Green Finance Schemes into Textile MSME Lending

Training for financial institutions explored climate risks across the textile value chain, green investment opportunities, and ways to use existing financing schemes to support MSME lending.

WHY IT MATTERS: Financial institutions need to understand how climate risks affect borrowers and portfolios, while identifying suitable financing schemes to support green investments through existing lending processes.



MSME AWARENESS| JULY 2026

Building Green Finance Awareness in the Ludhiana Knitwear Cluster

Awareness training for Ludhiana MSMEs and industry association representatives covered climate risks, EU buyer requirements such as ESPR and the Digital Product Passport, and the business case for low-carbon production. It also introduced existing green finance schemes and support.

WHY IT MATTERS: Knitwear MSMEs need to understand changing buyer requirements and the green finance schemes available before planning investments.



MSME AWARENESS| JULY 2026

Building Green Finance Awareness in the Peenya Engineering Cluster

Awareness training for Peenya MSMEs and industry representatives covered climate risks, buyer demand for product data and traceability under EU rules, and measures that cut energy costs. It also introduced existing green finance schemes and support.

WHY IT MATTERS: Engineering MSMEs need practical, low-effort ways to respond to buyer requirements and act on green investments.



INSTITUTIONAL CAPACITY | September 2026

Integrating Green Finance Schemes into Auto MSME Lending

Training for financial institutions explored climate and transition risks across the automotive value chain, green investment opportunities, and financing schemes to support MSMEs in adopting cleaner technologies and processes.

WHY IT MATTERS: Financial institutions need practical tools to assess climate risks across MSME portfolios, identify sector-specific green investment opportunities, and apply existing financing schemes within lending processes.

WHAT THIS QUARTER TELLS US

Across this quarter's work, a clear priority emerges: closing the gap between available financing and the needs of businesses facing climate risks. Financial institutions need better tools to assess portfolio exposure and apply existing financing schemes, while MSMEs need practical support to identify investments in energy efficiency, cleaner technologies, and climate resilience, and access suitable financing. The Year 2 roadmap builds on these lessons through targeted capacity building, sector-specific solutions, and stronger collaboration to help financial institutions identify market development opportunities and expand green lending to MSMEs.

IN CONVERSATION

A conversation with Dhaval Desai on the practical challenges of financing green investments in Ichalkaranji's textile cluster, from navigating government schemes to developing shared infrastructure.



DHAVAL DESAI | DESAI TEXTILES

What does it take to make green investments viable for textile MSMEs?

"For MSMEs, the challenge is not just financing green technologies. It is ensuring that the right support, reliable incentives, and practical solutions reach businesses when they need them"

THREE QUESTIONS

What are the biggest barriers preventing MSMEs from investing in green technologies?

MSMEs are increasingly aware of technologies such as energy-efficient machinery, solar power, and water recycling. However, awareness of financing schemes remains limited. Delayed subsidies, changing scheme eligibility , and a lack of technical guidance can make it difficult for businesses to plan

What would make green finance more accessible to textile MSMEs?

Simpler and more stable financing schemes would help businesses plan their investments with greater certainty. Access to technical support to prepare project reports and identify suitable schemes is also essential. For investments such as solar power and effluent treatment, shared infrastructure can offer a more

What should financial institutions and policymakers focus on next?

Financial institutions and policymakers should strengthen awareness of existing financing schemes, improve the reliability of incentives, and expand access to local technical assistance. They should also explore cluster-level solutions that address shared infrastructure needs and recognize that climate and transition risks vary across

and implement green investments.

practical alternative to individual projects.

different stages of the textile value chain.

Four Assumptions Worth Challenging



MYTH

Climate change is an environmental issue, not a banking concern.

REALITY

Heat, floods, and water shortages can disrupt business operations, damage assets, increase costs, and affect borrowers' ability to repay loans. Climate risks can therefore become credit risks.

MYTH

Green finance is only about renewable energy.

REALITY

Green finance can support both climate mitigation and adaptation initiatives for MSMEs. These include energy efficiency, cleaner production, and renewable energy to reduce emissions, as well as water conservation, waste management, and climate-resilient infrastructure to help businesses prepare for climate impacts. Green finance can help MSMEs fund practical investments that reduce environmental impact and strengthen climate resilience. For example, a textile unit could use green financing to install an energy-efficient boiler, while a food-processing business could finance water recycling systems or cold storage to reduce spoilage. These investments can lower operating costs, reduce emissions, and help businesses better manage climate risks.

MYTH

Small businesses have little role to play in the green transition.

REALITY

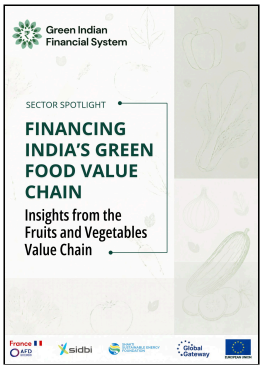
Micro, Small, and Medium Enterprises (MSMEs) account for 31.1% of India's GDP and 48.58% of its exports, highlighting their significant role in the economy (Government of India, 2026). They also consume approximately 25% of the industrial sector's energy and generate an estimated 135 million tonnes of CO_2 emissions annually, based on 2022 data. Supporting MSMEs in adopting greener

production processes, improving resource efficiency, and investing in sustainable technologies can help reduce emissions, strengthen business resilience, and improve supply-chain sustainability.

MYTH
Climate finance requires banks to create entirely new products.

REALITY
Existing lending products and financing schemes can support many green investments. For example, the ADEETIE scheme, implemented by the Bureau of Energy Efficiency (BEE), provides interest subsidies and technical support to eligible MSMEs adopting energy-efficient technologies. By leveraging such schemes and applying appropriate risk assessments, financial institutions can expand green lending and reach more businesses.

Knowledge Products



Sector Spotlight: Financing India's Green Food Value Chain: Insights from the Fruits and Vegetables Value Chain

An analysis of climate risks across the fruits and vegetables value chain, examining financing gaps in aggregation, storage, cooling, transportation, and retail, and how existing financial mechanisms can better support climate resilience.

EXPLORE THE GIFS KNOWLEDGE HUB →

Upcoming Events

Upcoming opportunities to learn, participate, and connect

NOVEMBER | IN PERSON

Financial Institutions' Training

A training to build financial institutions' awareness and understanding of help financial institutions how physical climate risks affect MSMEs and their lending portfolios. Participants will explore relevant SIDBI schemes, assess physical climate risks, and identify adaptation finance opportunities to integrate climate considerations into lending decisions and help MSMEs build resilience to climate impacts.

NOVEMBER | IN PERSON

MSME Consultation| Model Product Development

A cluster-level consultation with MSMEs and industry associations in Peenya, Bengaluru, to understand their financing needs for green investments through a need assessment. Participants will share their experience with existing green finance products and schemes. They will also discuss gaps in ticket size, tenure, collateral, moratorium and documentation, and the technical support they need. Their inputs will feed into discussions with financial institutions on the development or modification of model finance.

NOVEMBER | IN PERSON

MSME Awareness| Peenya Engineering Cluster

An awareness session for MSMEs in the Peenya engineering cluster to explore how climate change and sustainability affect businesses. Participants will learn about low-carbon technologies, potential cost savings, changing market expectations, and existing green finance schemes .

DECEMBER | IN PERSON

MSME Consultation| Model Product Development

A cluster-level consultation with MSMEs and industry associations in Ludhiana, Punjab, to understand their financing needs for green investments through a need assessment. Participants will share their experience with existing green finance products and schemes. They will also discuss gaps in ticket size, tenure, collateral, moratorium and documentation, and the technical support they need. Their inputs will feed into discussions with financial institutions on the development or modification of model finance.

DECEMBER| IN PERSON

MSME Awareness| Ludhiana Knitwear Cluster

An awareness session for MSMEs in the Ludhiana knitwear cluster to explore how climate change and sustainability affect businesses. Participants will learn about low-carbon technologies, potential cost savings, changing market expectations, and existing green finance schemes.

DECEMBER | PUBLICATION

Knowledge Product

A case study examining real-world models that help very small, women-led enterprises access green technologies without taking on the cost and risks of asset ownership. It will explore service-based and pay-as-you-save arrangements for technologies such as solar dryers, efficient motors, and refrigeration, examining how payments, savings, and risks are shared between enterprises, service providers, and financiers.

JANUARY | VIRTUAL

Peer Exchange| EU-India Exchange

A focused peer exchange bringing together financial institutions, development finance partners, industry representatives, and carbon-market specialists from India and Europe. The discussion will explore how the EU's Carbon Border Adjustment Mechanism (CBAM) and India's Carbon Credit Trading Scheme (CCTS) are shaping transition needs for exporters and their MSME suppliers, and how financing can help businesses meet compliance requirements and maintain access to international markets.

JANUARY | IN PERSON

Financial Institutions' Training

A practical training to help financial institutions translate green finance opportunities into lending decisions. Participants will learn how to assess the bankability of green MSME proposals, interpret technical audits and techno-economic viability (TEV) reports, evaluate cash flows linked to environmental

benefits, and apply these insights through loan appraisal simulations and real-world case studies.

JANUARY | PUBLICATION

State of Women in Climate Finance

A case-study-led report exploring how financial institutions can integrate gender considerations into climate finance. Drawing on practical examples across MSME finance, adaptation finance, sustainable agriculture, renewable energy, and last-mile delivery, the report will examine approaches that support women's leadership, women entrepreneurs, and women at the last mile.

JANUARY | IN PERSON

MSME Capacity Building

A practical training to build MSMEs' readiness to access finance for green investments. Participants will learn to use resource and energy audits, prepare project reports, understand key financial ratios and lender evaluation criteria, and meet documentation requirements. The session will also cover existing green finance schemes and support from institutions such as BEE, SIDBI and commercial banks.

JANUARY | IN PERSON

FI Consultation|Model Product Development

Consultations with banks and financial institutions operating in the selected MSME clusters to understand their priorities and challenges in green MSME lending. Three to four interested institutions will then be selected to co-develop model green finance products that suit cluster needs.

What's Happening in the Sector

ARTICLE

Greening India's MSMEs: What Role Have International Partnerships Played?

This blog by the Centre for Social and Economic Progress (CSEP) examines how international partnerships have supported efforts to improve energy efficiency and expand green finance for Indian MSMEs. Drawing on a mapping of 18 programs, it explores changing funding approaches, the role of domestic institutions such as SIDBI, and the gaps that remain across industrial sectors and clusters.

OPEN →

PAPER

Affordable Financing for Decentralized Renewable Energy Technologies

A research report by the CEEW examining barriers to affordable institutional credit for decentralized renewable energy technologies that support rural livelihoods. It assesses financing needs across five technologies, including solar dryers, solar refrigerators, food processors, vertical fodder grow units, and solar cold storage, and explores how financial institutions can expand through tailored products, credit guarantees, and stronger last-mile partnerships.

OPEN →

PODCAST

Is Finance Ready for the Risks Ahead?

An episode of GARP's three-part special, risk experts Jo Paisley and Dr. Maxine Nelson reflect on seven years of progress in climate and nature risk management. The conversation explores how financial institutions are integrating climate risks into decision-making, the limitations of current models and data, and how innovation and systems thinking can strengthen financial risk management.

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info@gifsinitiative.in

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