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GREEN TAXONOMY: INDIA'S NEED OF AN HOUR

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I. ABSTRACT

One of the concerns in the fast-growing economies worldwide is about meeting sustainable development goals without compromising business growth. In today's corporate world, sustainability is a necessary concept, and it requires the attention of both individuals and corporations. Green taxonomy is the key framework to help investors make informed investment decisions for contributing to the company's social responsibility, i.e., green financing. This paper aims to address the importance of developing regulations to maneuver in reaching our sustainable development goals and reducing the impact of emissions on the planet. It is navigating through the understanding of green taxonomy, the developments made by other countries, and India's stand on it, highlighting the steps taken by the financial regulators in the Indian economy. The green taxonomy would not just provide a mechanism to tackle greenwashing but also many other climate concerns that are not yet identified and addressed by our nation. The paper gives an overview of the European Union legislation on sustainable activities. Various other countries have also framed a systematic regulation to deal with green investments while some are in the process of making one. This paper suggests that Indian policymakers need to shift their focus on developing a green taxonomy, a precise framework addressing all the needs of green finance world which in turn would lead to a holistic approach towards climate change, help economies to ensure proper utilization of funds in sustainable activities and reach our lower carbon emissions goals and shifting towards a greener economy on international level.

II. KEYWORDS

Green taxonomy, Greenwashing, Sustainable development, climate change, greenhouse gas

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III. INTRODUCTION

The financial world is now actively realizing the need and opportunity for green financial activities. With this growing awareness and realization, it is quite imperative to have a green taxonomy that will govern and attract participation from many public and private entities. The rapid pace of warming of the planet and overall environmental degradation due to certain human activities has called for the players in society, including the financial sector to take responsibility for environmental sustainability². In the current shift from brown to green for mitigating the negative effects of climate change, India will need cumulative investments of USD 10.1 trillion to significantly scale up its climate transition and achieve net-zero emissions by 2070.³ India is currently working towards developing an effective Green Taxonomy that will channel the flow of investments for green and sustainable activities.

However, mere domestic, private and public investments will not be sufficient for the ends to meet. India needs to explore foreign investments on such a gargantuan scale. The lack of formalized or standard regulation for green investments and sustainability decisions for climate change shows that India has not yet tapped a pool of international investments. Other economies including the European Union (EU), China, Malaysia, South Africa, and Colombia have introduced their green taxonomies to deal with environmental and sustainability concerns.

India being among the top five economies in the world, has recorded the highest growth rate in carbon emissions when compared to other major economies as published in a report titled Global Carbon Budget, published during the COP 27

² World bank, 'Developing a National Green Taxonomy : A World Bank Guide (English)' (Documents world bank, 1st June, 2020) <https://documents.worldbank.org/en/publication/documents/reports/documentdetail/953011593410423487/developing-a-national-green-taxonomy-a-world-bank-guide> accessed 5 March 2024

³Sarkar A. and Khurana S., 'Transforming India's Climate Finance through Sector-Specific Financial Institutions' (Climate Policy Initiative, 8th April, 2024) <https://www.climatepolicyinitiative.org/transforming-indias-climate-finance-through-sector-specific-financial-institutions/#:~:text=India%20will%20need%20cumulative%20investments,net%2Dzero%20emissions%20by%202070> accessed 29 July 2024

climate conference held in Egypt in 2022. India continues to be the 4th largest emitter which makes it crucial for our nation to propose the green taxonomy at the earliest.

The green taxonomy framework is an essential requirement for regulating the Indian green bond market through which investors would be encouraged to invest their hard-earned money in sustainable activities or activities which would increase the scope of bringing down the global temperature rise from 2 degrees Celsius to 1.5 degrees Celsius. The green taxonomy would be a legal structure that would ensure the credibility of the investments being used for the actual purpose and it would further address the issue of greenwashing activity being done by many companies for deceiving and misleading the consumers.

IV. WHAT IS INDIA'S POSITION IN DEVELOPING GREEN TAXONOMY?

Before going to India's position in green taxonomy, let us understand the meaning of the term taxonomy. In simple words, green taxonomy is a system to categorize investments, i.e., whether the investments are sustainable or not. It helps in such determination. It uses the threshold limits and targets and assesses the activities that meet key climate, social, green, or sustainable objectives.⁴ Green taxonomy is a set of rules highlighting the need to attract more and more green investments from individuals and organizations. It further gives a clear standard and conditions of what would amount to green investments. The green taxonomy is very much linked with the ESGs i.e., Environmental, social, and corporate governance schemes wherein the corporations contribute towards sustainable development and climate change concerns as a part of their social responsibility. The green taxonomy targets the environmental matters. Green taxonomy in its entirety will serve many purposes, including but not limited to (a) help prevention of greenwashing activities by the

⁴ Anderson, K., 'What is green taxonomy and where do we stand in the UK?' (Greenly, 27th Jan. 2023) <https://greenly.earth/en-gb/blog/company-guide/what-is-green-taxonomy-and-where-do-we-stand-in-the-uk> accessed 5 March 2024

organizations, (b) guide the investors in making informed investment decisions and (c) channelize the investments in the right pool of green activities⁵.

Human activities have caused enough damage to the overall climate of the globe that every organism is now experiencing the effects of it every day, and with the increasing negative effects the need to have green taxonomy has increased more than ever. With the changing human lifestyle, the emissions of greenhouse gases have shot up, and a lot of urbanization and industrialization has led to a large number of emissions and the release of toxins in the atmosphere and it is leading to an overall increase in the temperature of the globe.⁶ To reduce this temperature rise, Sustainable Development Goals (SDGs) have been framed. One of the SDGs is reducing the global temperature from 2 degrees to 1.5 degrees Celsius.

Green taxonomy will give clarity over the question of where the investor's money land would be. Will it genuinely be utilised for mitigating climate change or will it simply be put into greenwashing? The green taxonomy will be a guide for not just one concern but many other aspects relating to green investments. The investors will be assured that their hard-earned money will be put into its right place i.e., into climate change actions and not greenwashing, which is unacceptable.

Investors globally are urging governments to commit to clear, strong investable policies while openly calling out greenwashing – a sign the market is fed up with the politicisation of taxonomies.⁷ India doesn't have green taxonomy as of now, but there is an unofficial word that it is in its developing stage. The financial regulators in India have promoted green finance way before green taxonomy is to be made. The regulators such as the Reserve Bank of India (RBI), Securities Exchange Board of India

⁵ Thür D., 'Green Taxonomies Around the World: Where Do We Stand?' (ecofact, 1st November, 2022) <https://www.ecofact.com/blog/green-taxonomies-around-the-world-where-do-we-stand/> accessed 5 March 2024

⁶ Evans H. and Larsen J. 'Human Impacts on the Environment: A Focus on Climate Change Info Brief' (Population Connection) <https://populationconnection.org/resources/human-activities-and-climate-change/> accessed 29 July, 2024

⁷ Ng Christina and Srivastava S., 'India should aim for a truly green taxonomy to gain global investor buy-in' (Institute of Energy Economics and Financial Analysis, 31st August, 2022) <https://ieefa.org/resources/india-should-aim-truly-green-taxonomy-gain-global-investor-buy> accessed 20 July 2024

(SEBI), and International Financial Services Centres Authorities (IFSCA) have made a nodal movement about green financing and sustainable development regulations and rules.⁸

A. RBI's efforts in addressing the climate change:

The banking regulator has voiced the need for green financing, investments, and green taxonomy. The (RBI) stresses the Government's role in framing a green taxonomy which will help in developing a green finance mechanism, as the classification of a low-carbon ecosystem will help in tracking sustainable finance flows in the economy.⁹The financial regulator, as part of its duty towards environmental concerns, has released a "Discussion Paper on climate risk and Sustainable Finance". This paper primarily aims to broadly give a strategy on how we can contribute towards climate change mitigation and adaptation, and what strategies, risks, and governance are involved. "Broad guidance for all Regulated entities to have

- (i) appropriate governance
- (ii) strategy to address climate change risks and
- (iii) risk management structure to effectively manage them from a micro-prudential perspective"¹⁰

The paper also states "A report of the Ministry of Earth Sciences, Government of India has concluded that since the middle of the twentieth century, India has witnessed a rise in average temperature; a decrease in monsoon precipitation; a rise in extreme temperature, droughts, and sea levels; as well as an increase in the frequency and intensity of severe cyclones. Regional climate is being affected by the human activities and it has been backed by the evidence. These developments pose challenges for

⁸ Khanna, M. and Sarkar, H., 'Navigating India's green taxonomy: Charting a course for the future' (IndiaCorpLaw, 2nd May 2023) <https://indiacorplaw.in/2023/05/navigating-indias-green-taxonomy-charting-a-course-for-the-future.html> accessed 5 March 2024

⁹ Bureau FE., 'Govt needs to lead taxonomy efforts for green finance: RBI' (Financial Express, 28th Dec. 2022) 01 <https://www.financialexpress.com/policy/economy-govt-needs-to-lead-taxonomy-efforts-for-green-finance-rbi-2928571/> accessed 5 March 2024

¹⁰ RBI, 'Discussion Paper on Climate Risk and Sustainable Finance' (Reserve Bank of India-Publications, 27th July 2022) <https://www.rbi.org.in/Scripts/PublicationsView.aspx?id=21071> accessed 5 March 2024

humanity and warrant an immediate, large-scale, and rapid reduction in GHGs”¹¹. RBI has recently published the “Framework for Acceptance of Green Deposits”, this notification is for the framework” to encourage regulated entities to offer green deposits to customers, protect the interest of the depositors, aid customers to achieve their sustainability agenda, address greenwashing concerns and help augment the flow of credit to green activities/projects.”¹²

B. Insights of RBI’s latest Monetary Policy:¹³

RBI in its recent monetary policy which was included in the April 2024 Bulletin gave primacy to “extreme weather conditions” and “climate shocks”. In the report, RBI highlighted the impact of environmental concerns and climate change on the prices of food leading to food inflation. Apart from food inflation, it is likely to have a broader impact on the natural rate of interest, and all of this is influencing the financial stability of the economy.

The policy refers to the overall effect of climate change on the economy and has raised a warning to initiate practices to lower the severity of climate change and opt for sustainable alternatives. The global average temperature is on the rise and its impact on social and economic events is evident and it urges to address the problem. The report shows and refers to the “long-term economic output” that could get as low as around 9% by 2050 in the absence of the adoption or implementation of any climate mitigation policies.¹⁴

The Monetary Policy mentions the New-Keynesian Model which states about the physical climate risk damage function which is used to estimate the counterfactual macroeconomic impact of the climate change vis-a-vis no climate change

¹¹ Government of India, ‘Assessment of climate change over the Indian region: A report of the ministry of earth sciences Government of India – India’ (ReliefWeb, 17th June 2020) <https://reliefweb.int/report/india/assessment-climate-change-over-indian-region-report-ministry-earth-sciences-moes> accessed 5 March 2024

¹² RBI, ‘Framework for acceptance of Green Deposits’ (Reserve Bank of India – notifications, 11th April 2023) <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12487&Mode=0#F5> accessed 5 March 2024

¹³ RBI, ‘Monetary Policy Report – April 2024’ (Reserve Bank of India Bulletin, 23rd April, 2024) https://m.rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=22517 accessed 13 July 2024

¹⁴ *ibid*

scenario.¹⁵From time to time, it is highlighted that the impact of global warming, and climate change is severe and affecting every single activity in our daily life and it aims at promoting sustainable activities to meet the targets of Sustainable Development Goals. There are 17 sustainable development goals adopted by United Nation members to require all the nations collectively to urgently work on it. It is a global partnership to transform the world into a better place.

The monetary policy of RBI has highlighted the impact of climate change on food and its prices, the agriculture produces and global food supply is being affected and it is important to address it as the sustainable development goals include reduction of poverty and eradication of hunger. The framework to address these issues due to increased greenhouse emissions and environmental degradation will be an important and prominent step towards achieving sustainable development goals and the targets of climate change.

C. SEBI: role in the classification of green investment bonds and its regulations:

The capital market regulator has also shown its active participation in making regulations and rules for governing the green finance, investing, addressing the issues of greenwashing, and further enhancing the investments towards the environment through green securities.

In 2017, SEBI put forward a step into developing and increasing green and sustainable finance in India through a circular named “Disclosure requirements for the issuance and listing of green debt securities”. This circular was in the public domain with the objective of improvising certain mandatory disclosures by the entities about their contributions towards climate change, it has given certain criteria as to which debt security will be qualified as green for funding purposes. Moreover, recently it has now introduced sub-categories of blue bonds, yellow bonds, and transition bonds under green debt securities.

¹⁵ RBI, Monetary Policy Report (n 12)

SEBI consultation paper on “Green and Blue bonds as a mode of sustainable finance” addresses the harmful effects of greenwashing on the Indian economy and also highlights the absence of the green taxonomy which is needed for financing assets through green bonds. It has also introduced the “Business Responsibility and Sustainability Reporting Framework”. This includes comprehensive principles and details regarding the disclosures for Economic, Social, and Governance to be made by investors in the top thousand listed companies.

D. IFSCA:

The newly established statutory authority of the International Finances Services Centres Authority (IFSCA) is headquartered in GIFT City, Gandhinagar, Gujarat. This regulatory body is established to promote ease of doing business and provide a standardized regulatory environment for promoting and enhancing business activities. It also aims to regulate financial services, financial products, and institutions in India. It is thriving to be the global centre for green finance.

IFSCA has released the guidance framework on sustainable and sustainability-linked lending by financial institutions, which makes it mandatory for banking units and financial companies in the IFSC to have a board-approved policy on green and sustainable lending. The proposed framework suggests an indicative list wherein there are categories for eligible green activities which shall be a useful reference for green lending, bringing out clarity and directing it to the financial institutions at various stages of the life cycle of lending.¹⁶ Along with this, the expert committee on sustainable finance has recommended framing a green taxonomy for attracting the global pool of investors by observing and studying the existing green taxonomies.

As stated earlier we do not have a formal taxonomy, however there’s a rulebook for Developing a Green Taxonomy for India. This is the only taxonomy that India has, by ORF in 2022. The potential investors look for a standardized form of rules or law for monitoring green investments and for ensuring that the investment money is utilized for green and sustainable activities only. In today’s date, India is in dire need of a green taxonomy to further enhance and attract green investments for meeting its ESG

¹⁶ Khanna (n 7)

goals and other promises made to the world for reducing the environmental issues. In the Conference of Parties i.e., COP 26 our Prime Minister Shri Narendra Modi declared the Panchamrit strategy which will show the transformation in India's energy systems to meet the goal of India reaching net zero by 2070.¹⁷ India can focus on creating a sustainable finance taxonomy that will cover wider aspects and it will be more helpful for India in reaching its global environmental goals.

These regulatory bodies have been putting efforts and stepping ahead in creating rules and regulations for green financing, climate change concerns, sustainable development, etc., and further urging India to create its green taxonomy which will lead to a drastic elevation of India's contribution towards its duty of addressing the issues on climate change. Currently there are specific policies framed by the regulators and these policies have been framed considering India's stance on a global scale relating to climate change concerns. With view of the advancements made by the regulators, a formal legal structure governing the investments and other legal requirements for green financing will be a great initiative.

V. HOW CAN THE EXISTING TAXONOMIES HELP US FRAME ONE?

Some countries like the EU, Russia, China, Mongolia, and Malaysia have their taxonomies already framed. These taxonomies can become a source for creating India's green taxonomy. Each taxonomy has some important points for us to consider and inculcate in our potential legislation.

The EU taxonomy is considered to be one of the finest reference sources for developing a taxonomy. It is a blueprint that can be used so that it can be accommodated and modified in any manner as per the regional and national requirements of the particular territory. The taxonomies of China, Mongolia, and the EU meet on the point which focuses on identifying the sectors that would significantly impact meeting the environmental objectives. When it comes to the need for urgent and timely updates,

¹⁷ Government of India, Ministry of Environment, Forest and Climate change, 'India's Long-term low-carbon development strategy' (UNFCCC, 14th November 2022)
https://unfccc.int/sites/default/files/resource/India_LTLEDS.pdf accessed 17 March, 2024

adaptations, and modifications for the environment, the Chinese and Mongolian taxonomies have the upper hand.

The Indian taxonomy must establish appropriate screening criteria to reflect domestic realities and align with national standards/norms. With regards to the screening criteria Egypt, the EU and Mongolia are prominent because they address the particular needs of the geographies they go to. For the development of the green finance system, it is essential that the taxonomy caters the banks, financial institutions, and other concerned agencies. This is provided in Mongolian, Malaysian, and EU taxonomy.¹⁸

These are some of the highlighting parts of various taxonomies from which India can develop its taxonomy by modifying and adding the required provisions as per the nation's needs and goals.

VI. OVERVIEW OF EU TAXONOMY REGULATION, 2020:

The European Union Taxonomy Regulation, 2020 is divided into 3 chapters and a total of 27 Articles. The EU Taxonomy for Sustainable Finance is one of the most significant moves in the field of sustainable financing.

A. Objectives of the Act:

The objective of the law is to prevent the activities of greenwashing and to classify the activities as environmentally sustainable, which will help the investors to make informed decisions in channeling their investments into the activities that are under the category of environmental objectives. The Taxonomy establishes the criteria for defining the activities that make a "Significant contribution" and what it means to "do not significantly harm". It recognizes the activities that make a significant contribution to at least one of the environmental objectives as mentioned under Article 9¹⁹ Of the taxonomy. The six important objectives are

¹⁸ Tripathi B., 'India's proposed sustainable taxonomy and the complexity of weighing climate gains with capital concerns' (Carbon Copy, 3rd June 2022) <https://carboncopy.info/indias-proposed-sustainable-taxonomy-lessons-to-remember-worries-to-address/> accessed 5 March 2024

¹⁹ Regulation 2020/852 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 [2020] OJ L 18/13, article 9 (EU Taxonomy)

- a) mitigation of climate change,
- b) climate change adaptation,
- c) sustainable use and protection of water and other marine resources,
- d) the transition to a circular economy,
- e) prevention and control of pollution and allied activities and
- f) protection and restoration of biodiversity and ecosystems.

For any activity to be considered as environmentally sustainable economic activity, certain criteria are provided in the law. Any investment that contributes to any one or multiple environmental objectives, activity that does not significantly harm any environmental objectives mentioned above.

B. Key Provisions of the Law:

As mentioned earlier the activities that make “significant contributions” and the criteria of “does not significantly harm” to the economic activities along with compliance of the organization with technical screening as established by the commission in accordance with the pertaining articles.²⁰ The taxonomy also defines two categories for classification as “enabling activities”²¹ and “transitional activities”²² for determining their substantial input to any of the sustainable development goals.

Enabling activities permits other activities to significantly support one or more of the six taxonomy aims. That being said, they cannot lead to an asset "lock-in" that compromises the activity's long-term environmental goals. Furthermore, during its existence, the activity must significantly improve the environment.

On the other hand, the transitional actions must support efforts to mitigate climate change and maintain a trajectory consistent with the promises made in the Paris Agreement. Transitional actions are only acceptable when certain requirements are satisfied. Among them is making certain that the amount of greenhouse gas emissions is in line with the industry or sector's optimum performance. Furthermore, there are

²⁰ EU Taxonomy, Article 3

²¹ EU Taxonomy, Article 16

²² EU Taxonomy, Article 17

no low-carbon alternatives that are technically or economically possible. Lastly, there won't be any carbon lock-in as a result of the action.²³

The taxonomy is an advancement towards the EU net zero drive. It widely determines the activities that are already low carbon and are compatible with the Paris Agreement, the activities contributing towards the net-zero economy, and the activities involved in enabling greening, including the development of technologies and strategies for the reduction of greenhouse emissions, as the ones that actively contribute to achieving the objective of the law and for the substantial climate and environmental enhancement.

The act further mandates certain pre-contractual disclosures and disclosure in periodic reports for maintaining transparency. It asserts that the financial product has to disclose where the investment is being contributed in any of the environmental objectives and its details pertaining to how much and in what way the investment is channelized in meeting the environmental objectives.²⁴ The act also requires that the financial product has to be accompanied by a statement if such instrument is taking into account the criteria for environmentally sustainable economic activities or not, and based on their activity statement has to be disclosed along with other disclosures.²⁵ The technical criteria as mentioned further in the law, aim at coherence between the objectives and guarantees that the advancement in one environmental objective does not harm other objectives.

The technical criteria and their requirements are being derived from other delegated acts providing certain conditions for the implementation of the criteria and its outcome on the financial markets. The act further provisions for the establishment of a platform for sustainable finance. The platform shall consist of experts from various organizations and fields, and they are responsible for advising the commission with respect to technical screening criteria and other aspects and impact of capital flow into

²³ Loughlin B., 'What is EU Green Taxonomy?' (Institute of Sustainability Studies, 06th February 2023) <https://instituteofsustainabilitystudies.com/insights/guides/what-is-the-eu-green-taxonomy/#:~:text=The%20six%20objectives%20of%20the%20EU%20Green%20Taxonomy%20include%20the,of%20water%20and%20marine%20resources> accessed 17 July 2024

²⁴ EU Taxonomy, Article 5

²⁵ EU Taxonomy, Article 8

sustainable investments and markets and the possible amends and measures to bring in the best out of the legal framework.

The platform will address the sustainable objectives and keep in view the stakeholder's needs and requirements with respect to sustainable investments and shall carry out all the tasks in accordance with the principle of transparency and fairness and will have to follow the disclosure requirements and publish relevant documents and information on the website of the commission.²⁶ The law further includes the provisions of the competent authorities, penalties for non-compliance, adoption of delegated acts, and expert groups on sustainable finance. Furthermore, Chapter III deals with amendments, review, and the application and enforceability of the law.

C. Advantages of the taxonomy:

The EU taxonomy is beneficial in several ways for organizations, investors, and society as a whole. The taxonomy benefits them in the following ways:

1) Organizations:

The Regulation makes it easier for the companies to demonstrate their contribution to climate change and sustainable development through sustainable financing and to reach towards the transition of a greener economy and making the earth a better place to live. It further helps them to build a plan to raise funds for developing and attracting green investments. Apart from these reasons it also helps companies to avoid the activities of involuntary greenwashing. Corporate Social Responsibility is bestowed on all the organizations making it a moral and legal requirement to contribute to the society from where their profits are sourced. Contributing towards environmental and climate change and investing and working for making improvements in the environment, is one such responsibility on the corporates, and this taxonomy encourages and simplifies to make decisions in line with such responsibility. For the businesses, it helps in accessing their current status of business models and the extent to which their activities qualify as sustainable. It is necessary for businesses to make

²⁶ EU Taxonomy, Article 20

the amendments and required adjustments in their business model and strategy to make it more environment friendly and to take steps to ensure its compliance with the basic social safeguards.²⁷

2) Investors:

From the view of investors, taxonomy helps the investors to make informed investment decisions. It clarifies the risks and opportunities associated with making investments in green financial products and the impact of such diversification of their portfolio. The taxonomy would help the investors to identify if the claims of the companies are true or misleading. It helps in tracking the imprints of greenwashing. The taxonomy would provide guidelines to identify greenwashing in some manner and can help investors investigate the company's activities and objectives and invest accordingly.

Moreover, if the taxonomy provides details of the activities that would lead to green investments and how it impacts the climate and the country's economy then that would help to diversify their funds in accordance with it. Furthermore, there can be possibilities where there could be tax exemption for the investors who invest in green financial products or services and the company can attract more investments from individual investors. Such provision would benefit both the parties and also positively impact our goal for general lower emissions and reach our green targets effectively.

3) Society:

Green investments made for the benefit of the environment are very beneficial and crucial for society. The regulation helps to pool the funds and invest them in the sustainable and green activities which help in bringing down the carbon footprint and also to meet the targets of the Paris agreement and sustainable development goals. The adverse impact of climate change is borne by the humans and other beings in the society and the advancement and development in investing in green activities turns

²⁷ Loughlin B. (n 22)

out to be of great advantage for a better standard of living for everyone in the ecosystem.²⁸

VII. CONCLUSION

At present, the status of India's green taxonomy is unclear. There is no official notification or any policy concerning it, however, there's a rule book for green taxonomy by a research foundation. The financial regulators have also put a step forward and inculcated certain provisions relating to the required standards and disclosure to meet the target of reducing greenhouse emissions and other damage to the environment due to human activities. It is high time for us to understand its dire necessity and frame the necessary policies to promote green investments and to keep in check the activities of greenwashing and make sure it would be enforced in the right manner to curb environment-related concerns.

Globally, every nation and every leader is very much concerned about the environmental impacts caused because of industrialization and urbanization in the countries. India is a signatory of many climate change treaties and conventions and a part of other similar groups, and for which we are obliged to meet certain targets and keep up the standards, both in terms of balancing economic development and environment conservation and catering to the needs of the society as a whole.

Furthermore, the existing taxonomies for sustainable financing of many other countries, specifically of the EU will turn out to be a great resource and a base for us to ascertain certain provisions that are quite important and cater to our economic and sustainable needs. Our responsibility as a nation is to keep balance in our economy in such a way that it promotes activities of sustainability and financial growth considering the present and future requirements of the citizens. We must act now to draft and enforce effective framework and rules that align with our climate commitments and enhance sustainable progress. It is our collective responsibility to safeguard the environment for future generations while fostering continuous growth in the economy. We shall act in accordance with the changing needs of the economy

²⁸ Hairabedian J., 'Who is EU Taxonomy for and what are the benefits of alignment?' (EcoAct, 21st April 2023) <https://eco-act.com/blog/eu-taxonomy-benefits-of-aligning/> accessed 17 July 2024

and environmental conditions of the globe and commit to a green and sustainable future.