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In a first-of-kind social bond issue Nabard to raise Rs 3,000 cr; opens Sept 29

In a first-of-kind social bond issue, Nabard to raise ₹3,000 cr; opens Sept 29

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In a first-of-its-kind borrowing instrument, the National Bank for Agriculture and Rural Development (Nabard) has said it will be listing the first of its social bonds on September 29 with a size of ₹3,000 crore.

"This is the first by an AAA-rated entity. It will be followed by sustainability and green bonds. Climate and sustainability are very important. We have recently set up an exclusive vertical to take care of the needs of these sectors," Nabard Chairman Shaji KV has said.

Though the market is agog with reports that the bank will come out with such new borrowing instruments to finance projects in the sustainability, green, and social sectors, this is the first time that it has indicated a specific timeline for rolling out the bonds.

Shaji was in Hyderabad to take part in the national conference on millets, organised



KV Shaji, Chairman, Nabard

by *businessline* and Nabard last week.

He said the Nabard might borrow ₹3-4 lakh crore in the current financial year. "It will be spaced out and governed by SEBI regulations," he said.

The bank recently announced a Sustainability Bond Framework, which seeks to finance and refinance new or existing eligible green and social projects. The key criteria to make a project eligible to get financing from these bonds include contribution to the environment to mitigate climate change effects, conservation of natural resources and biodiversity, and prevention and control of pollution.

Projects that promise energy efficiency, including

green buildings, energy storage, and smart grids, would also be eligible to get funding through the new breed of bonds that Nabard is rolling out.

In the social sphere, ventures that fall into the categories of affordable basic infrastructure; access to essential services (health, education, and vocational training); food security, and employment generation.

CO-OPERATIVE SECTOR

Stating that the Government is trying to strengthen the co-operative sector, he said the bank would finance State co-operative bodies so that they could ensure fund flow to the district and primary cooperatives. "There is a ₹5,000-crore Agri Infrastructure Fund. We will offer funds to them at 4 per cent. Of this, they can claim an interest subsidy of 3 per cent. Effectively, they will get funds at 1 per cent. We are mindful that these are ₹1-2 crore projects and that we should not overburden the societies with debt," he said.
