

Clean Finance and Trade, Green India
Stakeholder Consultation Report
April-June, 2026, India

Introduction

The *Clean Finance and Trade, Green India* project aims to understand how trade and finance can better support forest conservation, climate action, and sustainable development, particularly by addressing deforestation risks linked to commodity supply chains. Stakeholder consultations were conducted during the last quarter (April–June) to gather perspectives from people across diverse fields and understand the practical challenges, existing gaps, and opportunities for promoting nature-positive finance in India. The consultations focused on building a relevant stakeholder contact base, gathering inputs for ongoing research, and raising awareness about the project and its objectives.

Stakeholders were selected from the banking and financial sector, academia and research, agriculture and natural resource management, economics and development, and ESG & sustainability. Through these discussions, we sought to understand how financial institutions and businesses are currently addressing environmental and biodiversity risks, the challenges in meeting emerging sustainability requirements, and the support needed by MSMEs. The consultations also explored issues around sustainable finance, environmental due diligence, supply-chain traceability, forest governance, sustainable agriculture, nature-related data, and emerging regulations such as the EU Deforestation Regulation (EUDR).

The insights gathered will help strengthen the project's research and develop practical policy recommendations.

Consulted Stakeholder's Background

Sl. No.	Department	Organisation	Type of Organisation	Place
1	Finance	Institute of Business Management (IBM), Jadavpur University	A public university-affiliated management institute in India	Kolkata, West Bengal
2	Economics Group	Indian Institute of Management, Calcutta	A central government funded leading business school in India	Kolkata, West Bengal
3	Centre for Urban Economic Studies	University of Calcutta	A public state-funded multidisciplinary university and research institution in India	Kolkata, West Bengal
4	Soil and Water Conservation	Bidhan Chandra Krishi Viswavidyalaya	A leading state agricultural university in West Bengal, India specialising in agricultural education, research, and extension	Kolkata, West Bengal

5	Agro Economic Research Centre	Ministry of Agriculture and Farmers' Welfare	A government-supported agricultural research and policy institution	Kolkata, West Bengal
6	School of Management & Labour Studies	Tata Institute of Social Sciences, Mumbai	A public-funded leading institution in India specialising in social sciences, development studies, and public policy	Mumbai, Maharashtra
7	Centre for Climate Change and Sustainability Studies	Tata Institute of Social Sciences, Mumbai	A public-funded leading institution in India specialising in social sciences, development studies, and public policy	Mumbai, Maharashtra
8	Development Economics	Independent (Author)	Independent author and researcher working on development and socio-economic issues.	Mumbai, Maharashtra
9	ESG & Climate Finance Unit	State Bank of India	A leading public sector commercial bank in India	Mumbai, Maharashtra
10	ESG Integration	National Institute of Securities Markets (NISM)	A SEBI (Securities and Exchange Board of India)-established public institution focused on securities market education, training, and research	Mumbai, Maharashtra
11	Technical EHS / ESG / Sustainability	Ecogenesis	Environmental sustainability and nature-based solutions organisation	Kolkata, West Bengal

Key Takeaways

1. **Nature-positive finance needs to go beyond compliance and reporting and focus on creating real environmental and social benefits.** One of the key challenges is that sustainability disclosures do not always translate into changes in lending, investment, or business practices. Financial institutions should therefore look at whether sustainability information is actually influencing decisions and leading to meaningful outcomes, particularly in sectors such as agriculture, forestry, and other resource-intensive industries.
2. **Banks and financial institutions need to pay greater attention to biodiversity, deforestation, and other nature-related risks when making financial decisions.** At present, many banks do not have enough information to understand the environmental impact of the projects and businesses they finance. Introducing practical due-diligence processes and sustainability checklists can help

financial institutions identify potential risks early and make more informed lending and investment decisions.

3. **Better due diligence and traceability are needed to address environmental risks hidden within supply chains.** Companies often have limited visibility or control over their upstream suppliers, particularly for commodities such as palm oil and natural rubber. Encouraging businesses to collect sustainability information from suppliers, improve traceability, and assess sourcing locations based on environmental risks can make supply chains more responsible and reduce exposure to deforestation.
4. **MSMEs need more support to keep pace with the growing sustainability requirements.** Smaller businesses often struggle with the cost of compliance, limited technical expertise, lack of trained professionals, and difficulty accessing transition finance. Financial support, technical assistance, training, and sustained handholding can make it easier for MSMEs to improve their environmental performance without putting unnecessary pressure on their operations.
5. **ESG and sustainability reporting should help businesses manage risks, rather than becoming another reporting exercise.** Existing frameworks provide a useful starting point, but there is still a gap between disclosure and actual action. Making reporting simpler and more sector-specific, while including information on biodiversity and deforestation, can help companies and financial institutions use ESG information to identify risks and make better business and investment decisions.
6. **India needs a gradual and context-specific approach to nature-positive finance.** International frameworks provide useful guidance, but they cannot always be applied directly to India because of differences in economic conditions, institutional capacity, market readiness, and the large role of MSMEs. A phased approach, beginning with basic environmental and social standards and gradually moving towards cleaner technologies, climate action, and biodiversity goals, would allow businesses to adapt while keeping India's development priorities in view.
7. **A lack of reliable environmental data and common measurement standards continues to make nature-positive finance difficult to scale.** Banks need credible information on biodiversity, deforestation, ecosystem impacts, and supply-chain risks, but such information is still limited and fragmented. Developing practical indicators and better monitoring systems, including the use of GIS and satellite-based information, can improve the quality of data available for financial decision-making.
8. **Tools such as Life Cycle Assessment (LCA) can help businesses and financial institutions understand impacts across the entire value chain.** Environmental and social impacts often occur beyond the immediate operations of a company and may remain invisible in conventional financial assessments. Wider use of LCA and Social Life Cycle Assessment can help identify impacts related to resource use, environmental footprints, labour conditions, worker health, and other social factors.
9. **Nature-positive finance should encourage businesses to adopt cleaner technologies and use resources more efficiently.** Many businesses, especially smaller ones, may find it difficult to make sustainability-related investments because of the initial cost. Financial support for cleaner technologies, renewable energy, water conservation, waste reduction, recycling, reuse of materials, and more efficient production can help businesses reduce their environmental footprint while improving long-term efficiency.
10. **Reducing deforestation requires attention to how commodities are produced, not just whether they can be traced.** Expansion of commercial plantations, particularly monoculture

plantations, can put pressure on forests, soil, and biodiversity. Promoting agroforestry, mixed cropping, sustainable farming practices, forest restoration, and locally suitable alternatives can help reduce these pressures while allowing producers to maintain their livelihoods.

11. **The people who depend most on forests should have a stronger voice in nature-positive finance and forest governance.** Women, Indigenous peoples, and forest-dependent communities are often among those most affected when forests are degraded, yet their concerns may not be adequately reflected in sustainability frameworks. Recognising community rights, encouraging participation in forest management, and supporting community-led conservation can make environmental action more inclusive and effective.
12. **Sustainability should be seen as a long-term business opportunity, not simply as an additional cost of compliance.** Companies may be reluctant to invest in sustainability when new requirements bring additional costs for certification, reporting, and verification. Demonstrating the business benefits of sustainable and deforestation-free supply chains including greater resilience, better market access, stronger reputation, and improved competitiveness can encourage more businesses to make the transition.
13. **More innovative forms of finance can make the transition easier for businesses.** Access to transition finance remains a challenge, particularly where sustainable investments involve higher upfront costs or lower short-term returns. Blended finance, concessional finance, viability gap funding, green bonds, and sustainability-linked financial products can help reduce these barriers and direct more private capital towards nature-positive activities.
14. **India can learn from international experiences while developing solutions suited to its own circumstances.** Experiences from countries working on forest governance, sustainable finance, restoration, and responsible supply chains can offer useful lessons. However, these approaches should be adapted to India's economic and institutional realities rather than copied directly. This can help India strengthen its policy and financial systems while responding to its own development needs.
15. **Greater collaboration, awareness, and research are needed to turn nature-positive finance into practice.** The consultations pointed to gaps in awareness, technical expertise, reliable evidence, and coordination among different stakeholders. Closer collaboration among regulators, financial institutions, businesses, researchers, industry bodies, civil society, and local communities, along with more sector-specific research and stakeholder feedback, can help bridge the gap between policy commitments and what happens on the ground.

Conclusion

The consultations underscore the need to strengthen the integration of nature and biodiversity considerations into financial decision-making and policy frameworks. Going forward, the study should focus on strengthening environmental due diligence, improving data and disclosure mechanisms, and developing sector-specific approaches for forest-risk commodities. Greater access to blended and concessional finance, alongside technical and capacity-building support for MSMEs, will be important to facilitate the transition towards sustainable practices. Continued engagement with financial institutions, regulators, researchers, businesses, experts and local communities, including through multi-stakeholder consultations, will be critical for developing practical and evidence-based policy recommendations.