



CIRCULAR

F. No 584/ IFSCA/Sustainable Finance- LF/2023-24/002

April 20, 2023

To: All IFSC Banking Units (IBUs) and Finance Company/Finance Units (FC/FUs) in the International Financial Services Centre (IFSC)

Guidance framework on Sustainable and Sustainability linked lending by financial institutions - Clarification

Reference is drawn to the circular number F. No 584/ IFSCA/Sustainable Finance- LF/2022-23/001 titled 'Guidance framework on Sustainable and Sustainability linked lending by financial institutions' (hereinafter referred to as "said circular") issued by the International Financial Services Centres Authority (hereinafter referred to as "Authority") on April 26, 2022 and the subsequent FAQs on the said circular issued on February 22, 2023. Pursuant to the FAQs, the Authority received certain queries related to the methodology to be adopted by the IBUs and FC/FUs for the purpose of computing the five percent target as specified in para 1 of the said circular.

2. In view of the same, for the purpose of further clarity, it is reiterated that the five per cent target as specified in the said circular, shall be computed as a percentage of fresh loans and advances disbursed during the previous year and which remain outstanding as at the end of that financial year. This calculation method is exemplified below and shall be applicable from the financial year beginning April 01, 2023 onwards.

[Illustrative example: An IBU 'X' has disbursed total loans and advances of USD 2000 mn during the year 2023-24 of which the outstanding amount as on March 31, 2024 is USD 1500 mn; then the target of 5% for year 2024-25, shall be computed on USD 1500 mn. Thus the required target for IBU 'X' shall be USD 75 mn].

3. A copy of this circular is available on the website of the Authority at www.ifsca.gov.in/circular.

Yours faithfully,

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