

# From Vision to Viability: How Budget 2026 Positions India's Green Growth Story



DR. RANJITHA AJAY



India's push toward a green economy is supported by key initiatives such as the National Action Plan on Climate Change (NAPCC), the National Solar Mission under PM Surya Ghar Yojana, the National Green Hydrogen Mission, electric mobility programs, and several state-level green energy projects. Together, these initiatives aim to balance economic growth with environmental protection, reduce climate-related risks, and build a more sustainable and resilient economy. However, translating this vision into on-ground outcomes requires sustained fiscal prioritization and clear

implementation pathways. Budget 2026 highlights Carbon Capture Utilisation and Storage (CCUS) in line with the roadmap announced in 2025, committing an investment of ₹20,000 crore over the next five years, with a specific focus on five industrial sectors. While India has announced its target of achieving net-zero emissions by 2070, the budget provides limited clarity on how pressing challenges such as climate resilience, air pollution, and waste management will be addressed. These issues demand immediate attention, and existing allocations need closer monitoring and sharper target-

ing to ensure effective use of public funds. Channeling resources through grants to the Ministry of Environment, Forests and Climate Change, along with a detailed sector-wise spending roadmap, would enhance transparency and strengthen accountability in advancing India's green transition.

## Bridging the Gap Between Climate Ambition and Fiscal Execution

Climate resilience plays a crucial role in sustaining long-term economic growth. Climate adaptation should therefore need to be treated as a clear policy priority. According to the World Bank's Climate Risk Country Profile: India (2021), average temperatures in India are projected to rise by 1.1°C to 4.1°C relative to the 1986–2005 baseline, with the strongest impacts expected in northern regions. Such warming significantly increases the risks of river and coastal flooding, threatening the lives and livelihoods of millions. Experts have long argued that investments in climate adaptation (such as resilient infrastructure, water management, protection of coastal zones etc.) should be viewed not as costs, but as investments that enhance long-term economic stability. Despite this, Budget 2026 offers limited clarity on scaling investments in climate adaptation projects.

## The Economic Cost of Environmental Neglect: Air Pollution and Waste Management

Over the past few years, air pollution has emerged as a pressing challenge that extends beyond environmental concerns to directly affect public health and productivity. A 2021 report on Air Pollution in India and Its Impact on Business estimates that the information technology sector alone incurred productivity losses of nearly USD 1.3 billion due to air pollution-related factors, a figure expected to double by 2030. The report also highlights that sectors such as retail and tourism suffer significant revenue losses as poor air quality reduces footfall during highly polluted months, costing billions of dollars annually. These economic costs are further compounded by rising public health burdens linked to air pollution, underscoring the need for targeted funding in this area.

With rising population and consumption, **waste management** is another critical area that requires urgent attention. According to an article by Mordor Intelligence, India's solid waste management market is expected to reach USD 10.37 billion by 2030, reflecting both the scale of the challenge and the opportunity. While government-led initiatives such as Swachh Bharat Abhiyan mark a step in the right direction, much more needs to be done to improve the processing of solid waste, a large share of which continues to end up in landfills. Addressing this gap requires substantial capital investment. Encouraging private sector participation in waste management solutions, pro-



moting a circular economy model, and increasing investment in solid waste segregation and recycling infrastructure can significantly improve environmental outcomes while creating new economic opportunities.

### Financing the Green Transition: From Public Spending to Private Capital and Skills

Budget allocations alone cannot deliver sustainable outcomes on the ground. A 2025 report on Innovative Financial Instruments for India's Urban Climate Resilience highlights that instruments such as green municipal bonds, climate insurance-linked resilient infrastructure financing, climate-smart health infrastructure funds, and urban infrastructure insurance facilities can help attract climate resilience investments. While green municipal bonds have already been implemented in India on a limited scale, several insurance-linked and climate-smart financing mechanisms are more prevalent in advanced and emerging economies. Investor confidence in green bonds and sustainabil-

ity-linked finance, a major source of funding for climate-related projects, needs to be strengthened through clear and stable policies. Such clarity can reduce uncertainty, lower financing costs, and attract long-term private investment. Firms aligning with green priorities should be encouraged to access affordable green finance, supporting financial stability during their transition.

The transition towards a green economy should be supported by skill development through training and re-skilling so that the workforce is prepared for the green transition, thereby promoting employment generation. According to the International Labour Organization's report while the transition may lead to job losses in some sectors, it will also create new job profiles and demand new skill sets. While the current budget offers an opportunity to translate India's green growth vision into action, the effectiveness of these measures will depend on continuous monitoring, robust data collection, and transparent evaluation of outcomes. Strengthening these systems can help mobilize private capital alongside public spending.