



Green Municipal Bonds

Why in News?

Ghaziabad Municipal Corporation in Uttar Pradesh has become the first in India to issue a **certified [Green Municipal Bond](#)** under the **[Swachh Bharat Mission-Urban](#)** to promote sustainable water management.

Key Points

▪ About Green Bond:

- Green bonds are debt instruments used to raise funds for **green projects**, particularly in areas such as **[renewable energy](#)**, clean transportation, **sustainable water management**, etc.
 - A bond, which is a fixed income instrument, represents a loan made by an investor to a borrower (usually a corporate or governmental).
 - Traditional bonds (other than green bonds) pay a fixed interest rate (coupon) to investors.
- Green bonds enhance the reputation of the issuer, as it helps demonstrate their commitment to **[sustainable development](#)**.

▪ Ghaziabad's Success:

- Ghaziabad raised Rs 150 crore via India's first Green Municipal Bond.
- The funds built a modern **tertiary sewage treatment plant (TSTP)**.
- The project runs on a **PPP-HAM model** with 40% civic investment.
- The bond's success boosted investor trust in urban local bodies.
- Ghaziabad won the **2024-25 Best Municipal Treated Water Award**.

Swachh Bharat Mission-Urban

▪ Introduction:

- **Swachh Bharat Mission-Urban (SBM-U)** was launched on **2 October 2014** by the **Ministry of Housing and Urban Affairs** as a national campaign to promote cleanliness, hygiene and proper waste management in urban areas.
- Its objective is to **make the cities and towns across India clean and free from open defecation**.

▪ Swachh Bharat Mission-Urban 1.0:

- The first phase of SBM-U focused on achieving the goal of making urban India open defecation free by providing **access to toilets and promoting behavior change**.
- SBM-U 1.0 was successful in achieving its target and 100% of urban India was declared ODF.

▪ Swachh Bharat Mission-Urban 2.0 (2021-2026):

- SBM-U 2.0, announced in the Budget for 2021-22, is a continuation of the first phase of the same scheme.
- Its **second phase** aims to move towards the **goals of ODF as well as ODF+ and ODF++** and focuses on **making urban India garbage-free**.
- It emphasizes on promoting sustainable sanitation practices, waste management and a circular economy.

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