

Allocations to Climate
Change Adaptaion &
Mitigation

BUDGET 2026-27



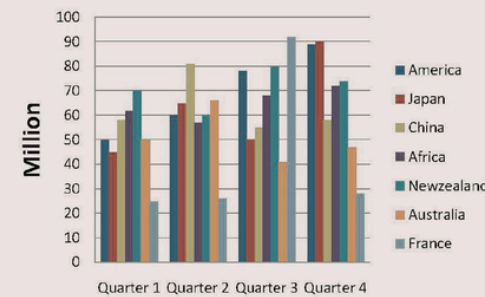
CLIMATE FINANCE

Prepared by: Khushboo Ashra

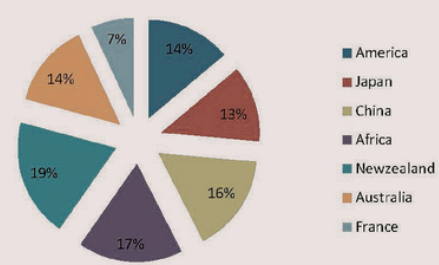
WHAT IS CLIMATE FINANCE?

Finance Report

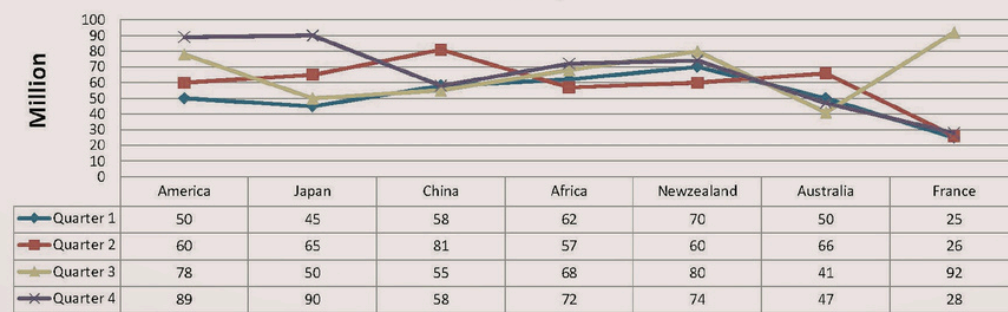
Summary



Summary



Summary



UNFCCC defines climate finance as, “local, national or transnational financing—drawn from public, private and alternative sources of financing—that seeks to support mitigation and adaptation actions that will address climate change.”



% ALLOCATION TO CLIMATE FINANCE IN THE 2026-27 BUDGET

₹ 60798.05

total expenditure dedicated
including revenue and capital

1.14%

of the total expenditure

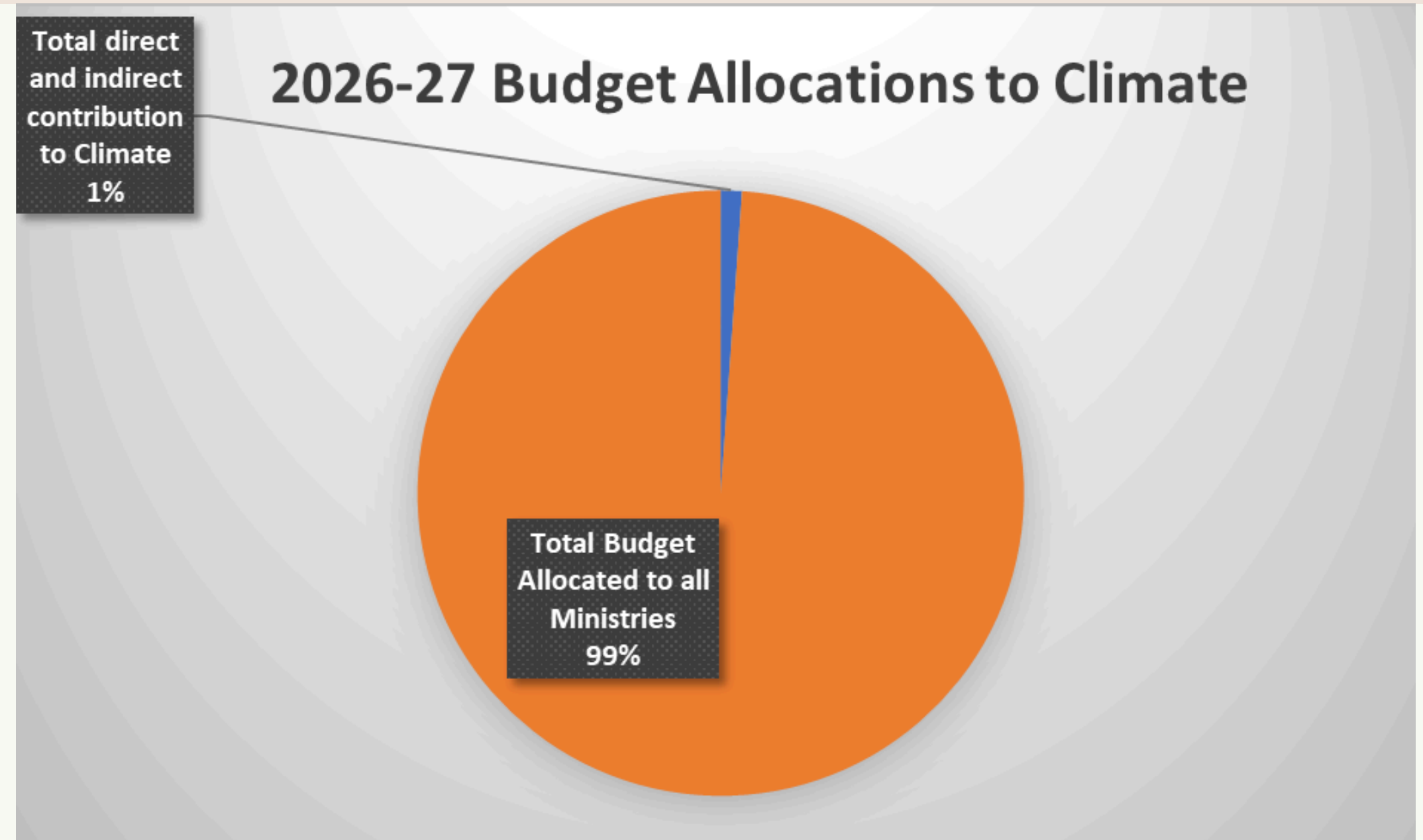


Figure 1: Climate expenditure (Budget estimate) against the total budget expenditure

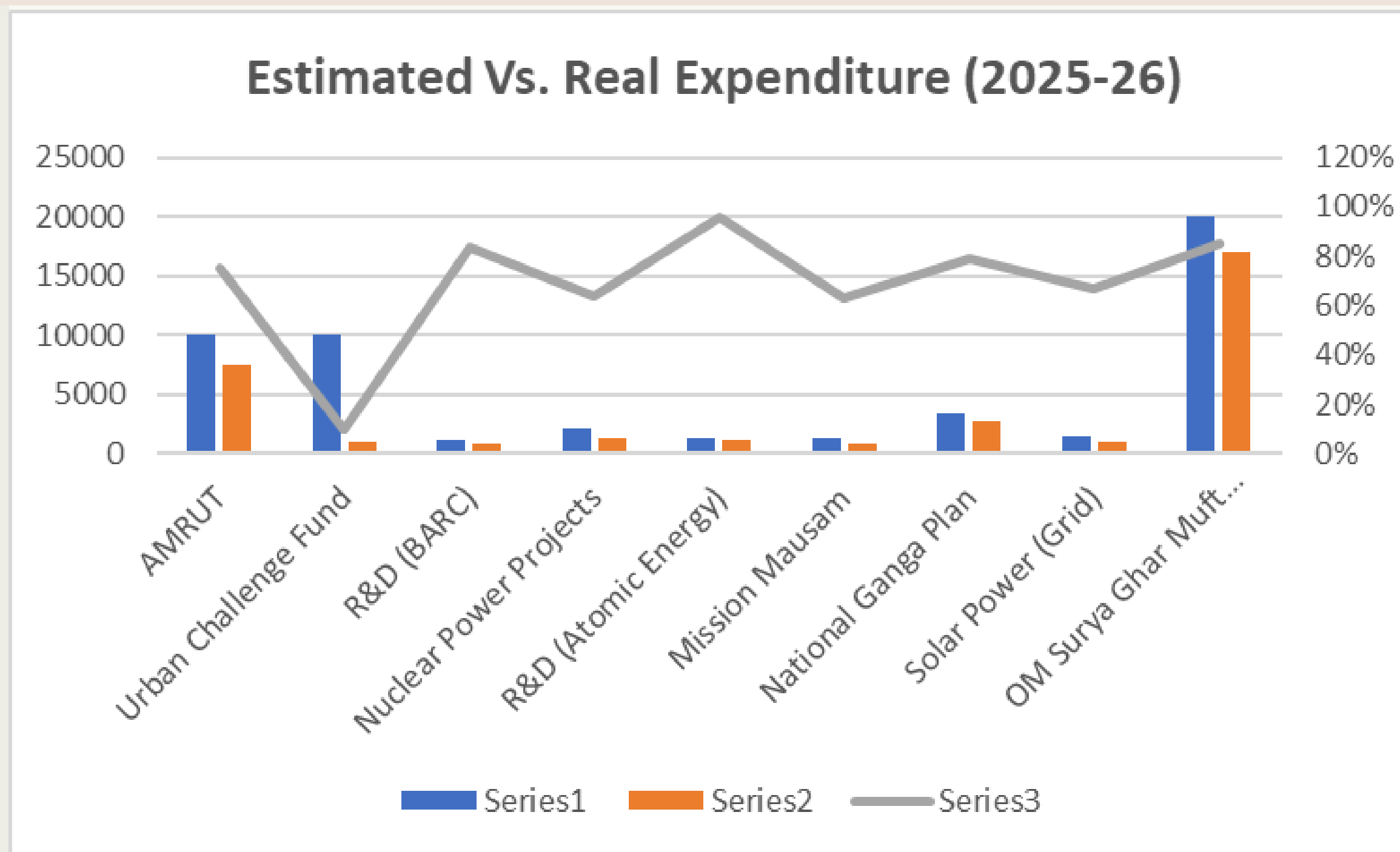
MINISTRY-WISE BREAKUP OF THE ALLOCATED AMOUNT

The three ministries were selected for the analysis as they directly/indirectly help in catering to climate change.

Budget Provisions, net of receipts and recoveries, for the year 2026-27				
Ministry	Budget Estimates (in ₹ crores)			Percent of the total budget
	Revenue	Capital	Total	
Department of Atomic Energy	14157.51	9966.41	24123.92	0.45%
Ministry of Environment, Forests and Climate Change	3536.66	222.8	3759.46	0.07%
Ministry of New and Renewable Energy	32911.14	3.53	32914.67	0.62%
Total direct and indirect contribution to Climate	50605.31	10192.74	60798.05	1.14%
Total Budget Allocated to all Ministries	4125493.52	1221821.29	5347314.81	

STARK DIFFERENCE BETWEEN THE ESTIMATE AND REAL EXPENSE

- Despite the low allocation rates, the amount dedicated to climate mitigation and adaptation schemes/funds was underutilized in 2025-26.
- This underscores extensive research and development dedicated to climate finance so that India's Nationally Determined Contribution targets can be achieved by 2030.



CLIMATE CHALLENGES

- As per the Climate Risk Report 2026, India ranks 9th in the Top 10 countries affected the most by climate change in 1995-2024. This is a result of almost 430 weather adversities with economic losses amounting to almost USD 170 billion, affecting more than 1.3 billion people and causing more than 80,000 fatalities.
- With a strong dependence on coal, domestic fossil fuel expansion and very high GHG per Capita emissions, India's ranking according to the Climate Change Performance Index declined from 10 in 2025 to 23 in 2026.

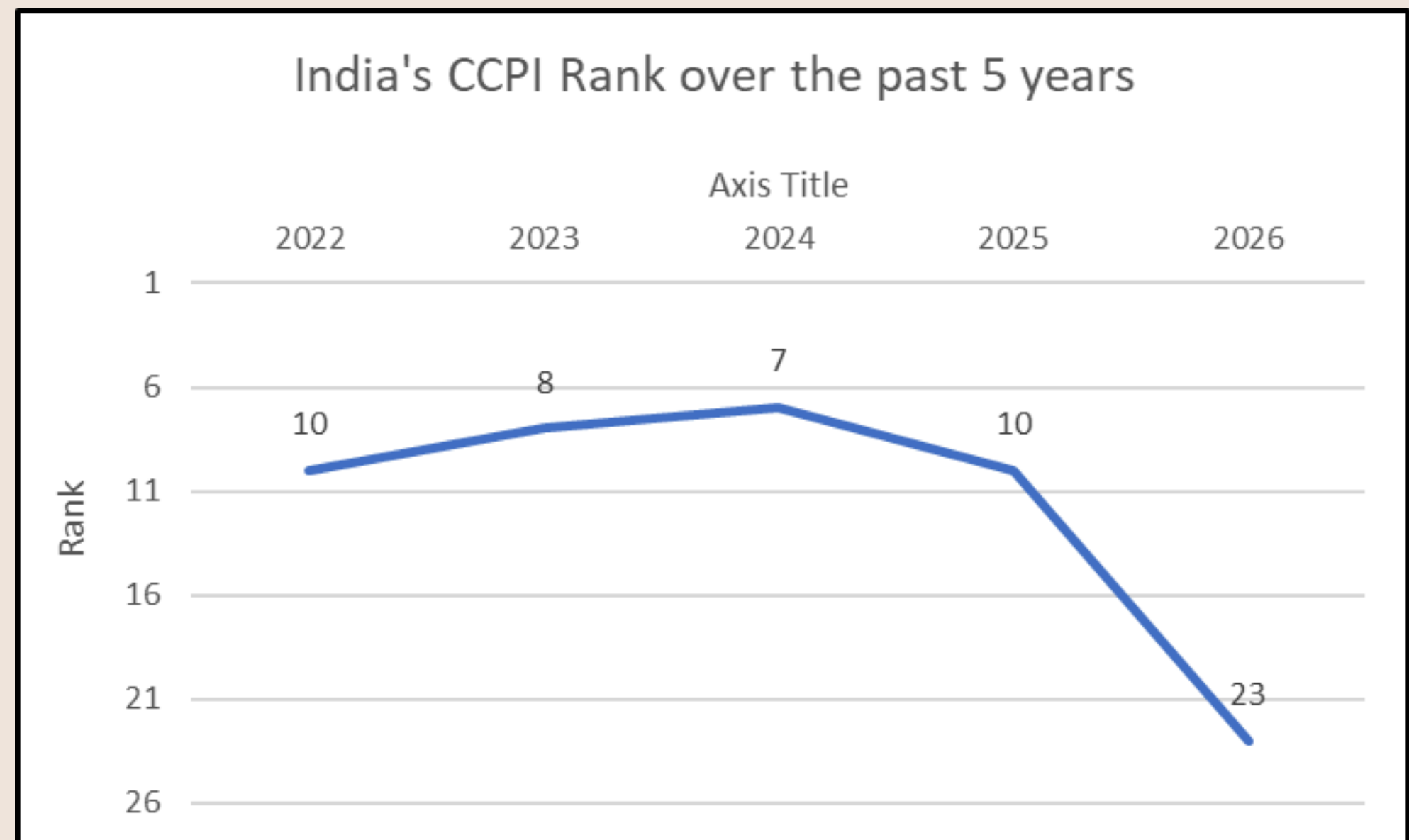


Figure 2: India's CCPI ranking over the past 5 years

CARBON CAPTURE, UTILISATION AND STORAGE (CCUS) SCHEME

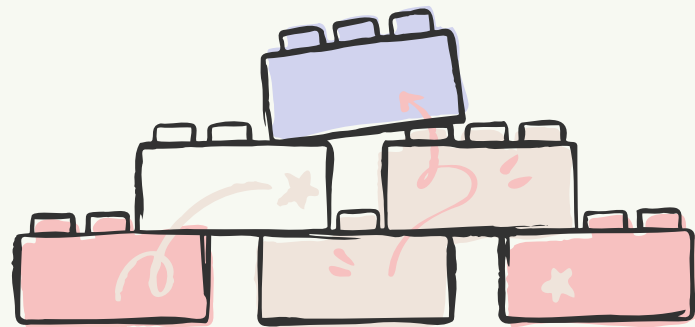


This year's budget launched the CCUS initiative which is among the first dedicated policy-backed initiatives aimed at industrial decarbonization.

- ₹500 cr allocated to CCUS
- It aims to capture carbon emissions and reuse it
- The initiative has been launched to develop safe and cost effective CO₂ capture, utilization and storage technologies.

India's climate finance has historically prioritised low-risk, visible mitigation, while underinvesting in hard-to-abate sectors. CCUS represents a shift towards long-horizon, high-risk industrial decarbonisation

RECOMMENDATIONS



REALLOCATE FUNDS

Talk about your key action in more detail here.



REDUCE SCOPE

Talk about your key action in more detail here.



NEGOTIATE WITH VENDORS

Talk about your key action in more detail here.

REFERENCES



Introduction to climate finance | UNFCCC. (n.d.). <https://unfccc.int/topics/introduction-to-climate-finance>

<https://www.germanwatch.org/sites/default/files/2025-11/CRI%2026%20full%20report.pdf>

<https://ccpi.org/country/ind/>

<https://dst.gov.in/carbon-capture-utilisation-and-storage-ccus>

<https://www.indiabudget.gov.in/>

<https://indianexpress.com/article/opinion/columns/budget-climate-action-defences-climate-change-pollution-10507426/>