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# UNION BANK OF INDIA

## Green Finance Under Retail Lending

### Abstract

Green finance has emerged as one of the defining pillars of sustainable economic development across the global financial system. As climate concerns, environmental protection and ESG-linked investments increasingly shape policy and financial decision-making, banks are required to integrate sustainability into mainstream lending operations. Union Bank of India responded to this transition by implementing a comprehensive “Green Finance under Retail Lending” initiative to promote environmentally responsible retail financing solutions through Green Home Loans, Green Vehicle Loans and Rooftop Solar financing. Implemented from April 2024 onwards, the project leveraged the Bank’s extensive network of 8,655+ domestic branches, 9,000+ ATMs and 25,700+ BC points to scale green finance products across India. The Bank introduced concessional pricing, digital loan processing, integrated subsidy-linked financing and customer-centric green products to accelerate the adoption of sustainable housing, electric mobility and renewable energy systems.

### Introduction

Union Bank of India launched a large-scale Green Finance under the Retail Lending initiative to integrate sustainability into retail banking and promote environmentally responsible financial behaviour among individual borrowers. The initiative noted the growing requirement for sustainable housing, electric mobility, renewable energy financing and ESG-aligned retail financial products.

The project introduced three flagship green retail products: Union Green Home, Union Green Vehicle and Union Roof Top Solar Scheme. These products were designed to support green buildings, electric vehicle adoption and residential solar energy generation while simultaneously encouraging customers to move towards low-carbon lifestyles.

Union Green Home offered financing for projects certified by the Indian Green Building Council (IGBC) and other approved agencies, with a 10-basis-point concessional interest rate. Union Green Vehicle supported

financing for electric two-wheelers and four-wheelers through concessional pricing and waiver of processing charges. Union Roof Top Solar Scheme was integrated with the Government of India’s “PM Suryaghar: Muft Bijli Yojna” to simplify renewable energy financing and subsidy-linked implementation.

The initiative leveraged digital processing functions, simple documentation, integrated digital sanctions and national-scale branch infrastructure to accelerate green finance adoption along urban, semi-urban and rural geographies.

The outcomes were substantial. Green Home sanctions reached 811 accounts amounting to ₹1,345 crore within approximately one year of launch. Solar Roof Top sanctions crossed 42,736 accounts amounting to ₹834 crore, while Green Vehicle financing reached 9,204 accounts amounting to ₹1,225 crore. Digital sanctions under the solar scheme alone contributed 46 percent of total sanctions.

**The Problem Statement** The global financial ecosystem is undergoing a structural transformation driven by sustainability imperatives, ESG commitments, climate change concerns and the progress towards low-carbon economic models.

India's fast urbanisation, rising energy demand, increasing vehicle ownership and expanding housing sector have created significant environmental pressures. Conventional housing construction, fossil-fuel-driven transportation and reliance on traditional energy sources contribute substantially to carbon emissions and ecological stress.

At the same time, consumer awareness of environmentally sustainable lifestyles has been growing. Customers increasingly seek green homes, electric vehicles and clean energy systems that can reduce long-term energy costs and environmental impact. However, affordability constraints, insufficient awareness and inadequate access to structured green financing remained major barriers.

Union Bank of India identified several strategic challenges in this developing landscape. First, green finance products were often treated as isolated sustainability initiatives rather than mainstream retail banking products integrated into customers' everyday financial needs. Second, many borrowers lacked awareness that electric vehicles, solar installations and certified green housing projects could qualify for concessional financing support, subsidies and preferential interest rates. Third, sustainable finance adoption in semi-urban and rural areas remained limited despite increasing government support and momentum in renewable energy policy.

Fourth, the Bank recognised the need to align retail banking growth with national eco-friendly goals, ESG commitments, renewable energy transitions and regulatory criteria.

**Solutions Stack** Union Bank deployed a comprehensive solutions framework combining product innovation, concessional financing, digital processing, renewable energy integration, customer incentives and national-scale retail deployment.

### **Union Green Home**

The first major product innovation was Union Green Home, introduced to promote Green Banking and encourage the adoption of environmentally certified residential projects. Under the scheme, financing was extended for housing projects certified by the Indian Green Building Council (IGBC) and other recognised rating agencies. Eligible borrowers received a concessional interest rate benefit of 10 basis points lower than standard home loan pricing.

### **Union Green Vehicle**

The second flagship initiative involved Union Green Vehicle financing for electric mobility adoption. Launched on 12 November 2021 and scaled aggressively under the green finance initiative, the scheme provided financing for new electric two-wheelers and four-wheelers. Borrowers received concessional interest rates and a waiver of processing charges to encourage transition away from conventional fuel-based transportation systems.

### **Union Roof Top Solar Scheme**

Bank aligned the scheme with the Government of India's "PM Suryaghar: Muft Bijli Yojna," enabling residential borrowers to finance rooftop solar installations while accessing government subsidies and simplified financing support.

### **Sustainability Infrastructure**

Digital enablement formed a central pillar of the initiative. The Bank introduced integrated digital processing and sanction capabilities under the solar financing program, substantially reducing customer effort and processing delays.

### Strategic Vision and Commitment

Union Bank of India approached green finance not simply as a compliance requirement but as a strategic transformation opportunity capable of simultaneously delivering environmental sustainability, business growth and customer value creation.

The Bank's green finance vision was built around three basic principles: environmental responsibility, inclusive, eco-friendly growth and long-term economic robustness. Union Bank recognised that financing environmentally responsible retail assets, such as green homes, electric vehicles and solar energy systems, could directly contribute to employment generation, energy independence,

climate resilience and eco-friendly urban development.

A key strategic priority involved making sure that green finance remained customer-centric and financially accessible. Consequently, the Bank embedded green financing products within regular retail lending structures rather than treating them as standalone sustainability offerings.

The Bank's sustainability commitment was also reflected in its institutional operations, with all Bank premises equipped with Rooftop Solar systems as an element of its broader ESG and renewable energy initiatives.

### Implementation Journey

The first implementation phase focused on integrating sustainability within regular retail lending products. Instead of positioning green finance as a niche offering, the Bank embedded green financing within mainstream housing, vehicle and energy financing operations.

The second phase involved product customisation and customer incentives. Concessional pricing, charge waivers, bundled incentives and simplified documentation were introduced to improve customer adoption and affordability. The third phase focused on digital integration. Solar financing processes were digitised to reduce processing complexity and enable faster sanctions. The fourth phase emphasised awareness creation and market penetration. The Bank initiated promotional campaigns and field-level awareness

programs to educate customers regarding green financing opportunities, EV financing benefits, renewable energy financing and green housing certifications.

## Implementation Challenges

One major challenge involved integrating green finance within mainstream retail banking rather than positioning it as a specialised sustainability niche. The Bank recognised that green finance becomes most effective when embedded within regular home loans, vehicle loans and consumer financing structures.

Customer awareness also emerged as a significant challenge. Many borrowers were unaware that electric vehicles, solar installations and green-certified housing projects could attract concessional financing support and government-linked incentives.

Another challenge was scaling green retail finance economically, given relatively smaller ticket sizes compared to conventional corporate sustainability financing. Operational integration of subsidy-linked schemes and digital sanction

infrastructure also required process redesign, technology adaptation and field-level training. Finally, evolving regulatory systems, sustainability disclosures, ESG expectations and climate-linked financing standards required continuous alignment between business growth and compliance governance.

## Highlights

- Union Bank of India launched its Green Finance under Retail Lending initiative to integrate sustainability into mainstream retail banking through Green Home Loans, Green Vehicle Loans and Rooftop Solar financing.
- The initiative addressed growing environmental concerns and ESG priorities by promoting green housing, electric mobility and renewable energy adoption through concessional interest rates, subsidy-linked financing and customer-centric green lending products.
- Key products included Union Green Home for IGBC-certified housing projects, Union Green Vehicle for electric two- and four-wheelers and the Union Roof Top Solar Scheme linked to the PM Suryaghar: Muft Bijli Yojana.
- The Bank leveraged digital loan processing, simplified documentation, integrated sanction systems and its nationwide network of branches, ATMs and Business Correspondent points to scale green finance adoption across urban, semi-urban and rural India.
- The initiative achieved strong growth, with sanctions of ₹1,345 crore for Green Homes, ₹1,225 crore for Green Vehicles and ₹834 crore for Rooftop Solar projects, establishing Union Bank as a leader in ESG-driven retail banking transformation.

## Outcomes and Impact

Since the inception of Union Green Home in November 2024, the Bank sanctioned 811 accounts amounting to ₹1,345 crore. During FY 2024-25 alone, 169 accounts amounting to ₹280 crore were sanctioned, while between April 2025 and November 2025, sanctions increased sharply to 642 accounts amounting to ₹1,065 crore, representing 280 percent year-on-year growth both in accounts and sanction amount.

Similarly, the Solar Roof Top scheme recorded rapid expansion. Between April 2024 and March 2025, 10,174 accounts amounting to ₹223 crore were sanctioned. Between April 2025 and November 2025 alone, sanctions increased to 32,562 accounts amounting to ₹611 crore, reflecting 220 percent growth in accounts and 178 percent growth in sanction amount. The total number of sanctioned accounts reached 42,736, amounting to ₹834 crore.

Digital sanctions contributed significantly to this success, accounting for 19,911 accounts and ₹369 crore, representing approximately 46 percent of total sanctions under the scheme.

Green Vehicle financing also expanded rapidly. Between April 2024 and March 2025, 3,634 accounts amounting to ₹400 crore were sanctioned. Between April 2025 and November 2025, sanctions increased to 5,570 accounts, amounting to ₹825 crore, representing a 53 percent increase in accounts and a 106 percent increase in sanction amount. The total number of sanctioned accounts reached 9,204, amounting to ₹1,225 crore.

Institutionally, the initiative positioned Union Bank as a proactive public-sector leader in integrating ESG objectives into mainstream retail banking operations.

## Conclusion

Union Bank of India's Green Finance under Retail Lending initiative demonstrates how sustainability can be successfully integrated into mainstream retail banking through customer-centric product innovation, digital transformation and ESG-aligned financial inclusion.

By combining Green Home financing, electric vehicle loans, renewable energy financing, concessional pricing, digital sanctions and sustainability-linked customer incentives, the Bank has successfully transformed green finance into a scalable and commercially viable retail banking segment.



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