

## Green Bank

### Why in News?

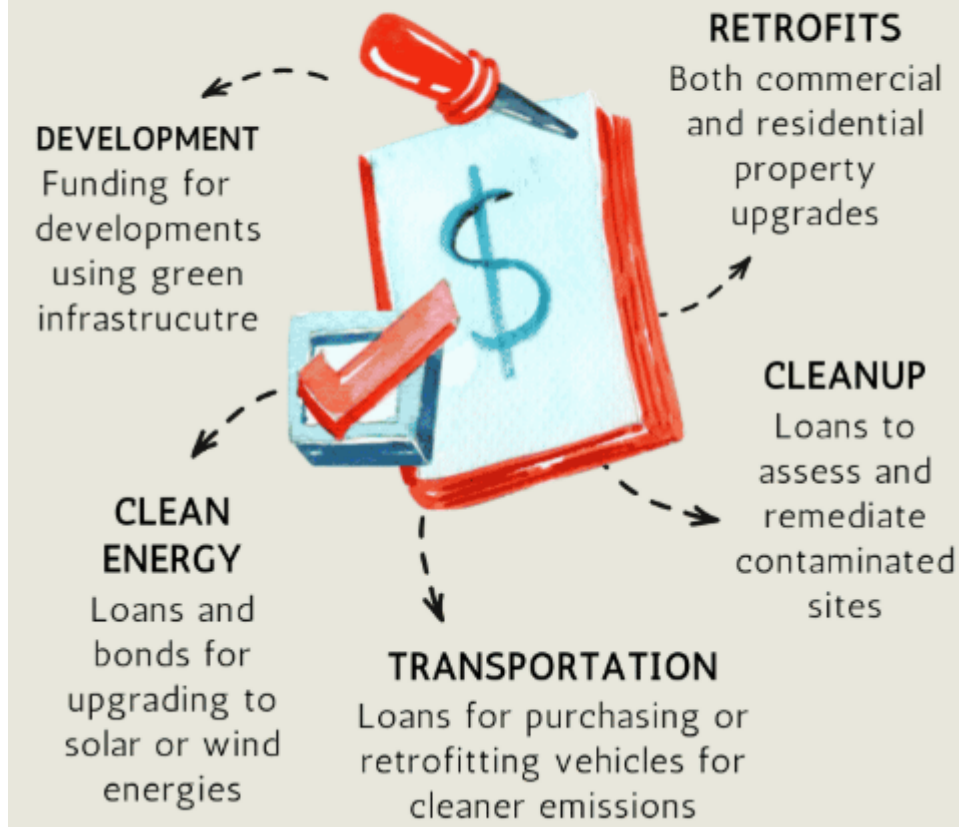
*Recent study by the Council on Energy, Environment and Water (CEEW) and Natural Resources Defense Council India (NRDC) highlighted the need for a green bank in India.*

- **Green banking** - It is a new financing trend where banks shift their investment strategies to focus on sustainable technologies and environmentally-friendly initiatives.
- **Primary objectives**
  - To protect the environment for future generations
  - To minimize paperwork and concentrate on electronic transactions
- It became widely popular among banks following the Paris Climate Agreement in 2015 at Cop21 of UNFCCC.

*The 29th Conference of Parties to the United Nations Framework Convention on Climate Change (COP29) ended with the assurance of \$300 billion annually as climate finance. The demand of \$1.3 trillion by the Global South for establishment of a 'Green Bank'.*

- **Green banks** - It is a mission-driven institutions that use innovative financing to accelerate the transition to clean energy.
- Banks can also become green at a more local level by instituting eco-friendly lending policies.
  - **For example**, it could be like loans for electric vehicles and home solar electric systems or company-wide policies banning investments in harmful industries such as fossil fuels.

# TYPES OF PROJECTS FUNDED



- Green banking is essentially the promotion of environmentally friendly practices and the reduction of the banking sector's carbon footprint.
- **In India** - The World Bank has recently announced a \$1.5 billion funding for India in its efforts to develop energy from low carbon sources.

*The State Bank of India has adopted green banking as a policy and is the **1<sup>st</sup> green bank in India**, by going green and encouraging green energy projects.*

## References

1. [Down To Earth| Need for a Green Bank in India](#)
2. [Aspiration| Green Banking](#)



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