Green Bank

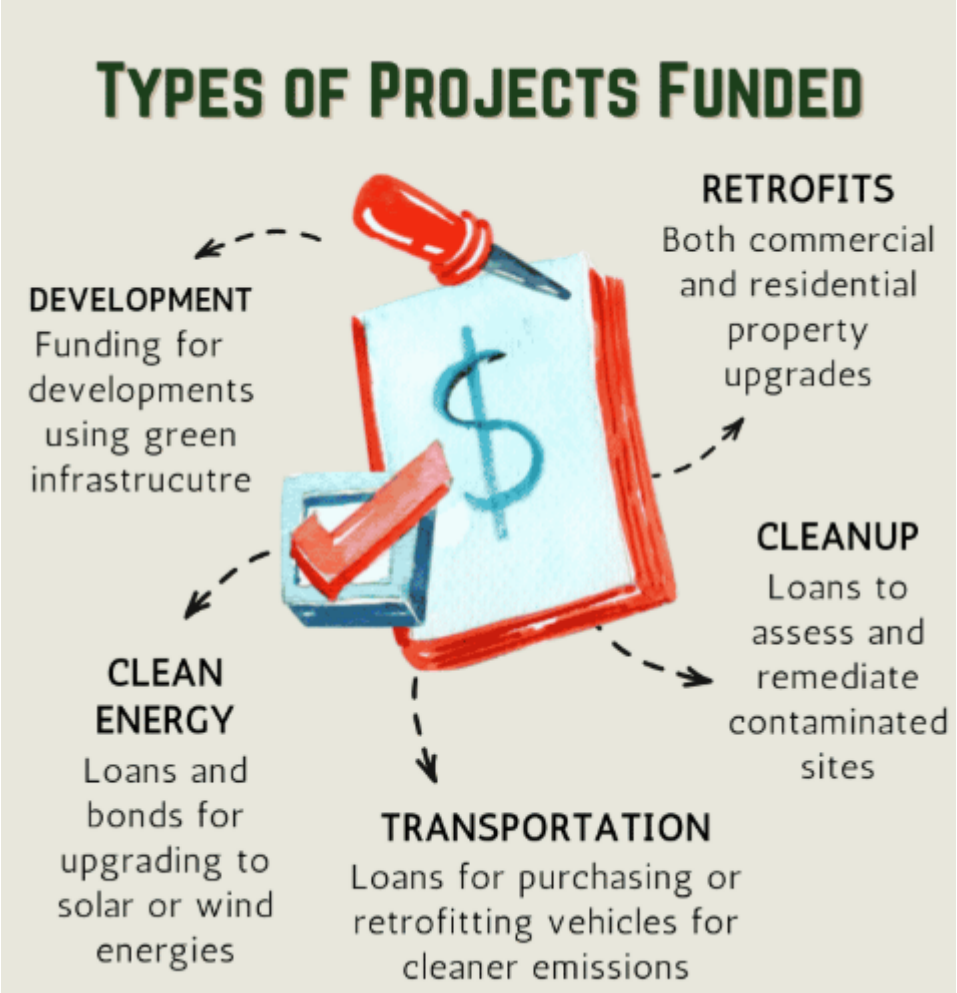
Why in News?

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.



- 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 ***1st 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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