



Green Deposits

Source: BL

Green deposits in India face sluggish adoption due to pricing issues, low public engagement, and limited interest from private banks.

- **Green Deposits:** These are **interest-bearing deposits** earmarked for funding **green projects**, such as **solar energy, clean transportation**, and sustainable water management.
 - In June 2023, the **Reserve Bank of India's (RBI)** introduced a **framework for green deposits to promote sustainable investments**.
 - However, banks like SBI have seen limited uptake, as the interest rates are not competitive with regular deposits.
- **Challenges in Green Deposits:** **Low interest rates for green deposits** compared to regular deposits discourage potential customers.
 - Banks struggle with defining which activities **qualify as "green" and the overall lack of a clear framework for green investments**.
 - The **CRR (Cash Reserve Ratio)** requirement for green deposits is higher, which could be a barrier to attracting more customers.
- **India's Commitment to Green Deposits:** **India aims for carbon neutrality by 2070**, with **green finance** pivotal in this transition.

Read more: [RBI's Green Deposits Framework](#)

PDF Reference URL: <https://www.drishtiias.com/printpdf/green-deposits-1>