

RBI announces norms to accept green deposits by banks, NBFCs

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The Reserve Bank of India (RBI) on Tuesday announced a framework for accepting 'green deposits' by banks and deposit-taking non-banking financial companies (NBFCs).

The central bank has identified nine sectors in which the proceeds from these green bonds must be used. They include renewable energy and

green transport.

"The green deposits shall be denominated in Indian Rupees only," the framework said.

While some of the banks and NBFCs have already started to accept green deposits, RBI has now decided to put out a framework, "with a view to fostering and developing a green finance

ecosystem in the country", the regulator said.

The RBI regulated entities have been told to put in place a comprehensive board-approved policy on green deposits, laying down all aspects in detail for the issuance and allocation of such deposits.

A copy of the policy should be made available on the web-

site of the regulated entities (REs).

"The allocation of funds raised through green deposits by REs during a financial year shall be subject to an independent Third-Party Verification /Assurance which shall be done on an annual basis," RBI said, while adding that the third-party assessment should not absolve the RE of its responsibility regarding the end-use of funds.

