



## Report on Currency and Finance 2022-23

**For Prelims:** [RBI's Report on Currency and Finance](#), [net-zero emission target](#)

**For Mains:** Growth & Development, India's renewable energy targets and the role of the financial sector.

### Why in News?

The cumulative total expenditure for India's adaptation to climate change could reach 85.6 lakh crore by 2030, according to an estimate made by [Reserve Bank of India\(RBI\)](#) in its [Report on Currency and Finance 2022-23](#).

### What is Report on Currency and Finance?

- **About:**
  - It is an **annual publication of the RBI**.
  - The report covers various aspects of the **Indian economy and financial system**.
- **Theme:**
  - The theme of Report on Currency and Finance 2022-23 is '**Towards a Greener Cleaner India**'.
    - It focuses on the **challenges and opportunities of climate change** for India and the **role of the financial sector in achieving a low-carbon and climate-resilient development path**.
- **Aim:**
  - It aims to **provide analytical insights into the macroeconomic and financial developments in India and their policy implications**.
- **Dimensions:**
  - The report covers **four major dimensions of climate change** to assess future challenges to sustainable high growth in India, the **unprecedented scale and pace of climate change; its macroeconomic effects; implications for financial stability; and policy options to mitigate climate risks**.

### What are the Key Highlights of the Report?

- **Renewable Energy Target:**
  - India needs to significantly increase its use of renewable energy to achieve its goal of [net zero emissions by 2070](#). The report suggests that India should aim for renewables to account for 80% of its energy mix by 2070-71.
  - This would require an accelerated reduction in the energy intensity of [GDP](#) by **about 5% annually**.
- **Green Financing Requirement:**
  - India's green financing requirement is estimated to be **at least 2.5% of GDP annually till 2030** to address the **infrastructure gap caused by climate events**.
    - The financial system may need to **mobilize adequate resources and reallocate current resources** to contribute effectively to India's net-zero target.

- **Policy Intervention:**
  - The report also highlights the need for a **balanced policy intervention** to ensure progress across all policy levers, which would enable India to achieve its **green transition targets by 2030** and make the **net-zero goal by 2070 attainable**.
- **Financial Risks due to Climate Change:**
  - The **public sector banks (PSBs)** in India may be **more vulnerable to climate-related financial risks than private sector banks**.
- **Policy Instruments:**
  - Central banks have several policy instruments at their disposal to influence investment decisions and the allocation of resources and credit to achieve sustainability targets.
    - This includes mandating banks and other financial institutions to consider climate and environmental risks through various regulations.

## UPSC Civil Services Examination Previous Year Questions (PYQs)

### Q. Consider the following statements:

1. The Governor of the Reserve Bank of India (RBI) is appointed by the Central Government.
2. Certain provisions in the Constitution of India give the Central Government the right to issue directions to the RBI in public interest.
3. The Governor of the RBI draws his power from the RBI Act.

### Which of the above statements are correct?

- (a) 1 and 2 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: (c)

### Explanation:

- The Reserve Bank of India was established on April 1, 1935 in accordance with the provisions of the Reserve Bank of India Act, 1934.
- Though originally privately owned, since nationalization in 1949, the Reserve Bank is fully owned by the Government of India.
- The RBI's affairs are governed by a central board of directors. The board is appointed by the Government of India in line with the Reserve Bank of India Act.

[Source: TH](#)