

A Conceptual Study on Green Banking – Green Initiatives by Indian Banking Sector

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ABSTRACT

The last few decades have experienced an uncontrollable increase in population, engaging a tremendous burden on natural resources. Many research studies have shown that human influences are the number one causes of global warming, especially carbon omission due to the burning of fossil fuels also by destroying the forests and there are evidences which shows that the first decade of 20th century was the hottest decade ever since 1300 years. Today's scientists pointed that climate change has the biggest global health threat of the 21st century. Apart from which the wonderful planet of earth is abused in many ways such as excessive farming, use of harmful chemicals, fertilizers and pesticides and excessive use of ground water. Water resources are contaminated to an extent which is not seen ever in the past, the emission of toxic fumes from industry and vehicles has deprived us of clean air. This situation has compelled all the sectors of the economy to immediately take necessary measures to put in action plans in protecting, encouraging and monitoring the green initiative. In this context Banks and other financial institutions can play a prominent role in controlling the pace of environmental degradation. Hence, this paper attempts to throw a light on the concept of green initiatives by select Banks in India.

Keywords: Population, global warming, carbon omission, fossil fuels, climate change, green initiatives.

INTRODUCTION

Glaciers are melting, sea levels are rising, cloud forests are dying, and wildlife is scrambling to keep pace. It has become clear that humans have caused most of the past century's warming by releasing heat-trapping gases as we power our modern lives. Called greenhouse gases, their levels are higher now than at any time in the last 800,000 years¹.

The idea of green banking was set up in 1980 at Triodos bank from Dutch birthplace which began the natural manageability in the financial division from the absolute first day. In 1990, the bank propelled 'green reserve' for subsidizing condition inviting tasks and the various undertakings pursued later (Dash, 2008). Accepting this bank as model, the banks everywhere throughout the world are inspired to continue with green financial activities. Also, the principal green bank started its activities in Mt. Dora, Florida, United States in 2009.

GREEN BANKING

In today's global business every enterprise be it a small concern or a Multinational giant is marching towards greening of their operations in ways and means. Since it is need of the hour and world order to achieve environmental sustainability Sustainability is one of the most important factors driving the strategy making process of the business fraternity. Though we have realized very late that any development needs to be sustainable and equitable but the positivity lies in the fact that currently there has been an increasing worry for maintainable improvement among every one of the parts in the economy including the budgetary segment.

Green financial methods advancing, condition agreeable practices and lessening carbon impression from banking exercises. This comes in numerous structures viz., utilizing internet banking rather than branch banking, taking care of tabs online as opposed to mailing them, opening of business stores and currency market accounts in online banks and so on.

¹ Christina Nunez, Causes and Effects of Climate Change, National Geography, 22 January 2019.

Green financial alludes to the proficient and compelling utilization of PCs, printers and servers to upgrade the utilization of vitality and waste-less paper. One of the significant manners by which banks can execute green banking is by advancing the utilization of internet banking among clients. Web based financial diminishes desk work and the need to make a trip to bank offices. This decidedly impacts the earth. This office is useful for banks, as it diminishes operational expenses and builds productivity.

This idea of "Green Banking" would be commonly advantageous to the banks, ventures and the economy. Green financial will likewise guarantee the greening of the ventures yet it will likewise encourage in improving the benefit nature of the banks in future.

REVIEW OF LITERATURE

Chaurasia¹ urged in his research study that the banks can reduce their carbon footprints by adopting the measures like paperless banking, energy consciousness, using mass transportation, green building, go online, save paper, use of solar and wind energy etc.

Bahl² has described the green banking in his research that it is a kind of banking conducted in selected area and technique that helps in the reduction of internal carbon footprint and external carbon emissions.

Dharwal and Agarwal³ expressed their opinion on green banking as it is a key in mitigating the credit risk, legal risk and reputation risk. Henceforth its recommended some green financial systems like carbon credit business, green money related items, green home loans, carbon impression decrease, vitality awareness, green structures and social obligation administrations towards the general public.

In view of the above writing, the scientists characterize green banking as an ecological situated financial practice that defends the earth from the negative effect to accomplish natural objectives of the banks. In this point of view, banks actualize a few green financial practices, for example, natural preparing, and utilization of vitality proficient types of gear, developing green structures, and so on. In this way, through these practices banks can accomplish their ecological objectives.

OBJECTIVES OF THE STUDY

1. To emphasize the importance of concept of Green Banking.
2. To identify the green initiatives practiced by select Indian Banks.

RESEARCH METHODOLOGY

The study is descriptive in nature and the data required for the study is mainly collected from the secondary sources such as the previous research studies in the specific area of green banking initiatives and the data were also collected from the various reports from the select banks, and other published information from journals and periodicals.

IMPORTANCE OF THE STUDY

One or the other way every enterprise invariably connected with Banks and financial institutions for their day to day economic activities, hence, banks will be in a better position to impart the knowledge about the importance and need for going green which ultimately leads to the protection of the environment and achieve the sustainability. As banking services are inevitable to all the organisations banks can authoritatively compel the adoption of environmentally friendly practices in their day to day operations which can take a long way in controlling the environmental degradation.

¹ Chaurasia, A. K. (2014). Green banking practices in Indian banks. *Journal of Management and Social Science*, 1(1), 41-54.

² Bahl, S. (2012, February). Role of green banking in sustainable growth. *International Journal of Marketing, Financial Services and Management Research*, 1(2), 27-35.

³ Dharwal, M., & Agarwal, A. (2013). Green banking: An innovative initiative for sustainable development. ACCMAN

Green banking is very important in mitigating three kinds of high risks which are highlighted here under:

1. **Credit Risk:** The changing climatic conditions may pose a direct or indirect cost to the bank. Here and there outrageous climate conditions influence the financial resources financed by the banks; this could prompt high occurrence of credit default. This could also happen when banks are lending to companies or business that get affected due to the environment regulations.
2. **Legal Risk:** If the banks are ensured with green banking initiatives they are not exposed to the legal risks which can be imposed by the Reserve Bank of India Regulations.
3. **Reputation Risk:** To avoid any kind reputation risk by the banks, they should not fund the projects which are engaged in harmful and hazards projects

STRATEGIES TO BE ADOPTED BY BANKS IN INDIA

Indian Banks can embrace green banking as plan of action for supportable banking. Some of following techniques minimal reflected in their financial business or must be embraced by banks:

1. Carbon Credit Business: Under the Kyoto Protocol, all Nations must reduce green house gases emission and reduce carbon to protect our environment. These emissions must be certified by Certified Emission Reductions (CERs), commonly known as carbon credit. Indian Bank may begin this business as in London the matter of carbon credit is around 30 Billion Euro.

2. Green Banking Financial Products: Banks can create imaginative green based items or may offer green credits on low pace of premium. As Housing and Car credit fragments establish the fundamental arrangement all things considered so they receive green advances office. SME loans on the basis of National Environmental Policy and its certification through ISO 14000.

3. Paperless Banking: All banks are shifting on CBS or ATM platform, also providing electronic banking products and services. So there is abundant extension for banks to embrace paperless or lee-paper banking. Private and remote banks are utilizing hardware for their office correspondence yet in PSU banks they are utilizing gigantic paper amount.

4. Vitality Consciousness: Banks need to introduce vitality proficient types of gear in their office, use CFL and maintain a strategic distance from mis-usage of these types of gear. Banks need to change this green banking in equipment, squander Management in office, vitality effective innovation items. Banks can give vitality sparing supplies to schools and medical clinics and so on.

5. Using Mass Trans portations Systems: Banks have to provide common transport for groups of officials posted at one office.

6. Green Buildings: Banks have their residential houses, branches or ATMs, so banks may adopt green buildings to protect our environment.

7. Social Awareness Servitude: As a major aspect of green financial technique, Indian banks can start different social duty administrations, for example, tree ranch camps, upkeep of parks and contamination checkup camps and so on

GREEN INITIATIVES BY SELECT PUBLIC AND PRIVATE SEC TOR BANKS IN INDIA

1. State Bank of India

As India's largest Public Sector bank, State Bank of India (SBI) has embarked on its sustainability journey with an objective to create a positive impact on the environment. Green Banking and Sustainability have for quite some time been regions of need and in an early outline of this methodology, SBI had articulated its Green Banking Policy 10 years back.

Among the green initiatives rolled out by the Bank are

- Installation of windmills for captive power consumption – a first in the Indian Banking Industry.
- Concessional interest rates for renewable energy projects
- Separate steady presentation limit for the sustainable power source area.

- Agreements with Multilateral/Bilateral Agencies for lines of credit for launching Rooftop Solar and other projects in the renewable energy space.
- SBI has given commitment to Govt. of India to finance viable renewable energy projects worth Rs 81,600 crore over the five year period (2015-2020).
- SBI is the first Public Sector Bank in India to come out with a separate Sustainability Report. Also, SBI is a signatory to the Carbon Disclosure Project (CDP) and has been reporting thereunder since 2012.

2. Canara Bank

Canara Bank being a visionary and responsible public sector organization, has taken some note worthy initiatives for environment protection.

- In a major initiative to promote usage/adoption of Solar energy equipment in schools, Hospitals, institutions, other community places and households, the Bank has launched a scheme to finance such projects on easy terms, in the year 2000.
- Encouraging use of clean & alternate sources of energy by funding the projects for installation of solar energy equipment & rain water harvesting at educational institutions, health centers, Bank sponsored Training Centers and other infrastructure projects assisted by the Bank. Solar lanterns are distributed to more than 4000 households in remote villages.
- A massive “Canara Vanamahotsava” programme, was observed all over the country through branches of Canara Bank by distributing saplings for creating awareness and encouraging planting of Trees.
- Reduction of paper and plastic usage, all Branch CBS, internet and Mobile Banking, Tele/video conferences, installing energy saving equipment and greening the premises of our RSETIs are few of the internal initiatives contributing to the cause of Environment.
- The Bank is consciously promoting organic farming to reduce the use of fertilizers and maintain the fertility of soil.
- The Bank's credit policy is in tune with the guidelines of Pollution Control Board and Ministry of Environment.

Some of the other significant initiatives/projects for environment Protection funded by the Bank are:

- Installation of Solar energy heating & lighting equipments at Jawahar Navodaya School, Chintamani, and SAINIK School, Kodagu;
- Providing solar water heating systems to health centers in Chikkaballapur District, Karnataka.
- Installation of solar pumps and rain water harvesting at SVYM Tribal School, HDKote
- Maintenance of Trees/plants in public places
- Observing world environment day on June 5th
- Associating with agencies for scientific disposal of wastes/recycling, desilting of lakes.
- Adopting one village to make it carbon neutral habitat.
- Distribution of Solar lights in remote villages of Tamil Nadu & Karnataka.

3. Bank of Baroda

The Bank has undertaken a number of green initiatives important ones are listed below:

- Bank in an attempt to reduce carbon footprint, uses energy efficient equipment, solar energy, and LED light fixtures in its branches.
- Use of recycled waste water and production of bio gas from solid waste are also explored in major commercial buildings.

- A plethora of technology initiatives were taken by the company to improve customer experience (like EMI on Card, Green Pin, Chabot, lending solution, revamped website and customer service portal),
- Bank has undertaken various other technology initiatives like windows server virtualization, desktop virtualization and backup consolidation as green initiatives.

4. Axis Bank

Axis bank's environmental management efforts are inclined towards resource conservation, renewable energy and energy efficiency. Through its Green Banking Initiative, the bank:

- Urges its clients to buy in for e-articulations and other electronic configurations of correspondence to lessen paper utilization,
- Encourages adopting green building concept for its office space (Bank's corporate office 'Axis House' is designed and constructed as a Platinum LEED-Certified "Green Building") and many other similar activities.
- Conducts tree plantation programs (Plant a Sapling initiative)
- Utilizations sustainable power source units with the end goal of road lighting.
- Uses water collected from rainwater harvesting system and a sewage treatment plant.
- Utilizations furniture made out of a high level of reused materials.
- Initiated solar-based UPS for ten ATMs under its Independent ATM Deployment (IAD) model.

5. HDFC Bank Ltd

Manageability is one of the fundamental beliefs at the Bank. The Bank puts stock in keeping up a harmony between the regular capital and networks for its working. It respects environmental change moderation and ecological protection as fundamental components of a manageable business. This conviction typifies the Bank's methodology on the board of its asset impression.

- **Paperless Banking:** The ATMs at HDFC Bank have gone paperless, empowering decrease of its carbon impression. The bank has decreased this exertion a further fillip by guaranteeing multichannel conveyance through NetBanking, PhoneBanking and MobileBanking. This lessens carbon outflow from activities just as by decreasing client travel necessities.
- **Solar ATMs:** The Bank so as to control its ecological impression has presented sun powered ATMs. These utilization battery-powered Lithium Ion batteries which utilize sunlight based vitality for their working, subsequently diminishing the utilization of ordinary vitality.
- **Energy Management:** Bank has started "Vitality Management Module" in 100 select branches crosswise over 4 metro urban communities to dismantle information from sensors to screen ongoing use and dependent on examination will help control power wastage. This framework will likewise screen diesel utilization of DG sets.

6. ICICI Bank Ltd

- The Bank has supported a variety of eco-accommodating undertakings the nation over to help reestablish natural equalization. The bank endeavors to maintain the standards of maintainability inside and out we can. From tree manor drives to the sun powered zap of towns, Public Health Centres and the Bank's offices crosswise over India; it investigates every possibility in attempting to manufacture a reasonable future for our planet. ICICI Bank has additionally been urging its workers to add to its green activities for a more extensive reach and an a lot bigger effect. Explicit activities are beneath referenced:
- **Lighting up towns and lives with sunlight based power:** ICICI Bank has banded together with nearby NGOs in Maharashtra with the point of jolt of towns and Public Health Centers in remote locales of the state. Jawhar Tehsil was in dimness until ICICI Bank aided the sun based jolt of 7 towns in the tehsil. The Bank changed existences of occupants of more than 190 family units over these 7 towns. In Nandurbar area, Public Health Centers (PHCs) couldn't work appropriately because of absence of

power. ICICI Bank helped in the jolt 11 PHCs utilizing sunlight based power. This has essentially improved access to human services administrations for the country and ancestral populaces of the locale.

- ***Sowing the seeds for a greener future sapling by sapling:*** There is no development without safeguarding. ICICI Bank drove a tree ranch drive in Chhattisgarh and Maharashtra with help from the administration and the neighborhood NGOs. The drive was planned for profiting the nearby innate networks. With an award help of Rs. 7 million for planting 170,000 trees; ICICI Bank attempted to upgrade the green spread in these states. These trees are likewise expected to give extra wellsprings of work to local people of the area. ICICI Bank is enthused about making our urban communities green. We have supported a task for building up the region of the Base Hospital in Delhi. The Bank embraced a tree manor drive around the emergency clinic which not just helped in improving the style of the medical clinic, yet in addition helped in inspiring the state of mind of the patients and the staff.
- ***Adding a beam of light with sunlight based charge of country branches:*** At ICICI Bank, huge numbers of the Bank's Gramin and Semi-urban branches are situated in little towns where power supply is constrained or missing. This upsets the smooth running of banking administrations and furthermore influences the client accommodation. To guarantee continuous financial exchanges at the Gramin branches, ICICI Bank has introduced sun powered power offices at 522 Gramin branches crosswise over 7 conditions of India. This activity has additionally added to critical decrease of our carbon impression.
- ***Spreading our green activities far and wide:*** As a component of our constant drive to ensure the planet's characteristic assets and advance supportability, ICICI Bank has supported various ecological projects across the country. We have also undertaken many programmes which enable us to play a small part in helping to create a greener future for our planet.
- ***Green administration program:*** ICICI Bank worked together with the Indian Army from 2006 to 2011 to assist 25 resource conservation and biodiversity protection projects across the country. The Bank offered financial support to the Army in implementing these projects. The activities were planned for improving biodiversity preservation measures crosswise over different foundations, for example, cantonments, depots, maneuver areas, military farms and command areas. They included wind energy generation, bio-gas plant construction, solid waste management and construction of water reservoirs across various parts of the country.
- ***'Become environmentally viable' program:*** As a stage towards structure a greener future, ICICI Bank propelled 'Practice environmental safety' - an association wide activity to lessen its very own carbon impression. The activity secured vitality preservation, water protection and decrease of paper utilization. With dynamic investment from our workers, the Bank has decreased paper utilization by 33% in the course of recent years in this manner sparing more than 13,000 trees.

To list a few but there are a plenty of green initiatives across the banking and financial institutions have implemented full pledged and striving to protect, encourage and ensure to control the further pollution caused to the environment.

CONCLUSION

Banking sector is normally deliberated as environmental friendly in terms of emissions and pollutions. Based on the results of the study, green banking has substantial impact on bank's environmental performance. So, through the green banking practices, banks can advance their environmental performance. It enables the banks to defend the environment and build an image as the good corporate citizens. Hence, green banking can be an avenue to condense pollution and save the environment. The better environmental performance of the bank would help to attract the socially responsible stakeholders across the globe to invest their investments and create investment opportunities. In the light of these repercussions, this study is considered to be important for the sustainability of banks..

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