

Adoption of Green Banking strategy for Sustainable Development: A Study with reference to select Indian Banks

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ABSTRACT

Environmental degradation over the years has call for serious concerns for environmental conservation and improvement of the state of the environment. There have been unprecedented changes in the business practices over the decade to suit to the growing needs of environment and to combat the ever growing ecological and environmental problems. Green Banking has emerged as an alternative tool towards maintaining ecological balance thereby protecting the environment. Economic growth and development in largely influenced by the banking industry leading to qualitative and quantitative change in the environment. The concept of Green Banking aims at promoting practices which are environmental friendly and also reduces carbon footprints.

1. Introduction

"Earth provides enough to satisfy every man's needs, but not every man's greed." — Mahatma Gandhi

Environmental degradation over the years has call for serious concerns for environmental conservation and improvement of the state of the environment. There have been unprecedented changes in the business practices over the decade to suit to the growing needs of environment and to combat the ever growing ecological and environmental problems. The concept of going green has emerged in all the sphere of business and it is no wonder that the banking industry also caught the 'green' fever. Though, Green banking is of recent origin but has marked sharp rise in the practices across the globe. Global warming, the problem of international concern has affected our ecological balance and the serious consequences are being observed in every sphere of our life.

Environmental problems which are the result of rapid increase in population, uncontrolled use of the technology, increase in the use of pollution and discharge of effluents has affected our ecological balance.

1.1. Green Banking: An Overview

Green Banking has emerged as an alternative tool towards maintaining ecological balance thereby protecting the environment. Economic growth and development in largely influenced by the banking industry leading to qualitative and quantitative change in the environment. The concept of Green Banking aims at promoting practices which are environmental friendly and also reduces carbon footprints.

Carbon footprints measures the impact of organization on the ecological balance and thereby on the environment in terms of green house gases produced and emitted.

Green banking though of recent origin in India but has emerged in the state of Florida in the year 2009.State Bank of India has taken a baton and emerged as a leading banking service provider in terms of green banking to the nation at

large. Followed by it almost all the public sector and the privates sector banks has joined the march and provide green solutions to the need of the industry. Green banking is one of the solutions towards the sustainable development. Environment, economy and society are the three elements or the legs of the sustainable tripod which aims at looking at the three important stakeholder of the economy. Sustainability is all about managing social and environmental risks in strategic decision making and developing innovative products in the newly related areas.

1.2 Objectives of the study

The present study aims at evaluating the use of Green Banking Products in the Indian banking sector. Furthermore, the study also focuses on the various initiatives taken by the select banks both in the public sector and the private sector in this regard.

1.3 Research Methodology

Being the descriptive in nature, the present study is based on secondary data collected from annual reports of the select banks, Journals and periodicals, website of the banks under study, reports published by the RBI. So far as the sample size is concerned, the study is restricted to two companies only one each from the public sector (State Bank of India) and private sector (Industrial Credit and Investment Corporation Bank of India (ICICI), respectively.

2. Green products being offered by the Indian Banks

- **Online banking:** All banking services being operated through internet such as internet banking, mobile banking, NEFT, RTGS It also includes various services are pay bills online, online deposits, fund transfer, account statements etc.
- **Green Channel Counters:** Banks have introduced a number of transactions based on card such as debit card, credit card, gift card by launching green channel counters (GCC). The use of GCC reduces the consumption of paper and energy but also to save the time of customers.

- **Green Finance:** Bank should encourage to the projects which are environment friendly such as solar equipments, vehicle finance for low carbon emissions vehicles, green buildings loans etc. with giving some concessions in processing fee and concessional rate of interest.
- **Green Infrastructure:** Green infrastructure reduces carbon footprints to a large extent. It includes IT infrastructure, green buildings with sufficient natural lightening and air,
- **Use of power saving equipments:** Use of solar power, rain water harvesting etc. can reduce the carbon footprints by the banks to a large extent.

- The bank has also initiated the concept of Green PIN which is an easy and convenient way to generate Debit card PIN through various channels like ATM, Internet Banking, IVR and SMS. It encourages the paperless transaction and also encourages reduction in carbon footprint.

B) ICICI Bank

ICICI being the largest bank in the private sector offers variety of product and services aiming at reduction of carbon footprint of the customers. Bank has also adopted a noble initiative by sending annual reports in electronic form and bank have been able to save huge amount of paper thus reduces carbon footprint. The bank also encourages customer to adopt online services such as Online bill payment, online fund transfer etc. In order to encourage customer to use environment friendly vehicles the bank offers by 50 percent waiver on processing fee for those car models which uses alternate sources of energy. Similar facility is offered to the customers seeking Home Finance.

To create awareness among the users various sensitization program such as World Environment Day, World Environment Week etc. are being regularly organized by the bank.

3. Green Initiative by the select Indian Banks

A) State Bank of India

On 1st July, 2010 SBI has launched most awaited a project Green Chanel Counter as a step towards of green banking. The bank in collaboration with the Suzlon Energy Limited had taken an attempt to generate green power by installing 10 windmills with 15 MW aggregate capacities in the states of Tamil Nadu, Maharashtra and Gujarat. The Bank encourages shareholders to receive annual reports of the bank in electronic. This attempt has made the bank to contribute

Rs. 3.09 crore to the SBI Children's Welfare Fund in the financial year 2014. In order to protect the environment and to reduce internal carbon footprint the bank has deployed solar ATM which save more than 2000 tons of CO₂ per year ATMs. Besides these several other initiatives ahs taken in this direction which includes the following:

- Undertaken tree plantation programme during the monsoon season
- Rainwater Harvesting Projects to preserve the extra water during the monsoon.
- As a step towards providing better life the bank installed solar lamps in rural areas not having dependable electricity supply.
- Encourages manufacturers to adopt efficient practices by providing loans at a concessional rate thereby reducing green houses gases.

4. Conclusion

It is evident from the study that both the banks under study has taken various steps towards creating awareness among the users towards the need of adopting Green banking by the Indian Banks. It is observed that banks in general have taken various strategies to uplift the ecology and the environment. Trends shifts from mere awareness to implement various green initiatives by banks such as recycling of waste, rain water harvesting, encouraging the use of paperless technology. However, much more is required to be done in this direction to make India a country free from carbon footprints.

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