



“An Overview of Green Banking Strategies adopted by banking Sector in India.”

Prof. Pawar Bhausahab R

Assistant Professor,
Arts & Commerce College ,Belapur,
Tal: Shirampur, Dist : Ahmednagar.
E-mail: drpawar2012@gmail.com

Abstract:

The present decade is of globalization and industrialization and because of it there is addition of lot of comfortless in human life, but it creates negative impact of environmental degradation by doing various activities like climate change, global warming, carbon emission, hazardous of natural resources etc. Due to all these reasons the business organization has started modifying their activities and strategies so as to ensure protection to our natural resources and environment.

In financial sector, the various services that have adopted Green business in Banks, stock brokerage companies, credit card companies and also the companies of consumer finance. The benefits of the regulatory authorities, society, NGO's, employees, customer as well as the international bodies to the Green Banking.

Introduction:

In an emerging economy like India, environmental management needs to be the key focus area of the business industry and especially the banking and financing industry being the major intermediary. Banks can play a crucial role in maintaining sustainability because banks and all the financial institution are focusing on the environment protection with the purpose of fulfilling the social as well as environmental needs.

Green Banking is also known as Environmental Friendly Banking, Ethical Banking and Sustainable Banking etc. It is the environmental-friendly banking practices that promote their customer to reduce the Carbon Footprint through their banking activities.

Definition:

Indian Banks Association:

“Green Bank functions like a normal banks along with considering the social and environmental factors for the protection of the natural resources.”

Reserve Bank of India:

“Green Banking is to make internal bank process, physical infrastructure and information technology effective towards environment by reducing its negative impact on the environment to the minimum level.”

Objectives of the Study:

- 1) To understand the green banking philosophy adoption by the banks.
- 2) To promote environmental friendly practices.
- 3) To reduce the Carbon Emission and Footprint from banking operation.
- 4) To use energy efficient digital devices.
- 5) To reduce use of paper by adoption of online automated work practices.

Research Methodology:

The study will include secondary data for proposed study. It will include the various reports of banks and other related information collected from various books, journals, research articles and various websites.

Content and Scope of the Green Banking:

Green banking includes several products and services like,

- 1) **Green Mortgage:** refers to type of mortgage that provides you a money-saving discount or a bigger loan than normally permitted as a reward for making energy-efficient improvements or for buying a home that meets particular energy-efficiency standards.
- 2) **Green loans:** means giving loans to a project or business that is considered environmentally sustainable.
- 3) **Green Saving Accounts:** In case of Green Saving Accounts, banks make donations on the basis of savings done by customer's. The more they save, the more the environment benefits in form of contributions or donations done by banks.
- 4) **Green Credit Cards:** Be it in form of environmentally friendly rewards or using biodegradable credit card materials or promoting paperless banking, credit cards are going green.
- 5) **Green Accounts Statement:** Sending out bank statements by mail is a big waste of paper. Signing up for online banking at most banks includes an option for customers to receive their statements electronically through a secure log - in. Copies of banking records and statements can then be stored electronically instead of in a filing cabinet. Receiving statements electronically also reduces the chance of identity theft.
- 6) **Mobile Banking:** Mobile banking is a term used for performing balance checks, account transactions, payments, credit applications etc. via a mobile device such as a mobile phone.
- 7) **Online Banking:** Online banking is the thriving concept in young and corporate India. Online banking helps in additional conservation of energy and natural resources. Online banking includes:
 - a. Paying bills online,
 - b. Remote deposit,
 - c. online fund transfers

It helps in savings paper, energy, and expenditure of natural resources due to banking activities. Customers can save money by avoiding late payments of fees and save time by avoiding standing in queues and paying the bill.

Limitations of Green Banking:

- 1) Diversification problem arises due to restrictions on business and customer or small truncation or heavy transaction.
- 2) In many banks the concept is new and generally it takes 3 to 4 years for adoption.
- 3) The operating cost of Green banking is high because it needs experienced and skilled staff with high information Technology.
- 4) It involves reputation and security risk.

Conclusion and Future of Green Banking:

Indian economy is an emerging economy and there is a huge potential of growth of Indian banks by adopting innovative approaches in their strategy making process that helps the banks to create good future for green banking i.e.

- 1) It seems to be very promising in India as lots of Green product & services that support commercial development with environmental benefits.
- 2) Banks can act like a guidelines towards the economic transaction and create a platform would create many opportunities for financing and investment policy.
- 3) Encourage, motivate the workforce to follow Green practices and also encourage client, suppliers to adopt Green practices.
- 4) Stakeholders should also be engaged and create awareness about environmental issues and necessity of green banking service.
- 5) Banks should conduct energy audits and identify the areas which needed to be green.

References:

1. Ray Varen, 'A Green Dream', 4P's Business and Marketing, 21 Nov to 4 Dec 2008.
2. Leslie D Monte, 'It's Times for Green Banking', Business Standard, May 21, 2010.
3. Green Banking (2014). An Overview Asian J Multidisciplinary Studies,2(6):199
4. Green Banking (2013). IDRBT Publication.
5. Dr. Nishikant Jha Shraddha Bhome. A Study Of Green Banking Trends In India, Int. Monthly Refereed J Res. Manag. Technol. Volume II, May'13, ISSN – 2320-0073.
6. Dipika (2015), "Green Banking in India: A Study of various Strategies Adopt by banks for sustainable Development.", IJERT, Sep. Issue, ISSN: 2278-0181.
7. Naidu & Dr. C. Paramasivan (2015), "A Study of Green Banking Trends in India." Research Explorer, Vol. IV: Issue 10.
8. Bihari & Pandey (2014), "Green Banking in India", Journal of Economics & Int. Finance, Vol.7(1), pp. 1-17.
9. http://en.wikipedia.org/wiki/Ethical_banking
10. <http://aboutus.ft.com/2012/11/16/ft-and-ifc-launch-2013-sustainable-finance-awards/#axzz2uv5IzDup>.