



## Green banking in India

### KEYWORDS

Green banking, green banking products, green banks

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**ABSTRACT** *Go green is the buzzword permeating all spheres of life and banks too are not untouched by it. The banks too are adopting this go green mantra to contribute to the cause of environment protection. Indian banks also endorse this new form of banking and have taken some crucial steps in this regard. This paper provides an overview about green banking, advantages associated with it and different green banking initiatives taken by Indian banks. The paper also highlights some of the suggestions which can be taken by banks to increase their societal and environmental contribution.*

### Introduction

Global warming is leading to major climate changes across the globe & making various places vulnerable to natural disasters. The need of the hour is to combat the effects of global warming. Everyone can help protect the environment. Small changes made in everyday lives can add up and have a big positive environmental impact. Banks are also doing their bit in this regard through green banking. Green Banking is a new phenomenon in the financial world. It encompasses the type of banking which takes into account the social and environmental impacts with the intention of protecting and preserving the environment.

### Objectives of the study

The main objectives of the study are as follows

- To know about green banking and its associated advantages.**
- To suggest ways to promote green banking in India.**

### Research Methodology

The data has been collected from various secondary sources. It has been extracted from among different published sources such as journals, magazines, research articles.

### Green banking

Green banking as a term covers several different areas. A rather broad definition to define green banking would be using those banking activities that reduces carbon footprint and are environmental-friendly. Green banking is like normal banking; only difference is that it considers all the social and environmental factors to protect the environment and to conserve natural resources. Green banks are also known as ethical banks or sustainable banks.

Green banking entails not only the way the banking business is being done but also encourages environment friendly investments by banks. Banks give lending priority to those industries which have already turned green or are trying to go green. Green banking performs in many forms. It includes use of online banking instead of branch banking, paying bills online, opening up CDs and money market accounts at online banks, instead of large multi-branch bank etc.

### Green banking products

#### Green banking product coverage includes:

**Green Loans:** means giving loans to a project or business that is considered environmentally sustainable.

**Green Mortgages:** 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 improve-

ments or for buying a home that meets particular energy-efficiency standards.

**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.

**Green Saving Accounts:** In case of Green Saving Accounts, banks make donations on the basis of savings done by customers. The more they save, the more the environment benefits in form of contributions or donations done by banks.

**Mobile banking and online banking:** These new age banking forms include less paperwork, less mail, and less travel to branch offices by bank customers, all of which has a positive impact on the environment

### Green banking initiatives in India

The Government of India has issued guidelines / instructions to banks on Green Initiatives. In order to implement the green initiatives of the government, all public sector banks and all regional rural were asked to:

- I. Increase use of Electronic Payment.
- II. Increase use of Core Banking Solution (CBS).
- III. Increase use of Video Conferencing.
- IV. Offer centralised payment system through sub-membership route to all banks to facilitate direct Electronic Benefit Transfer (EBT)

Many banks in India have taken various green banking initiatives be it in form of green products or services, green communication (like online bill pay or online payment etc.) , green projects or green events. Some of them have been listed below:

State Bank of India, the country's largest Public Sector Bank had launched its 'Green Channel Counter' facility on State Bank Day ( 01.07.2010), at 57 select branches of the Bank spread across the country as a step towards paperless 'Green Banking' for deposit, withdrawal and remittance transactions. With this facility the customers need not fill up any pay-in slips or draw cheques for depositing or withdrawing money from their accounts, saving paper, and thereby contributing to the concept of 'Green Banking'. At the Green Channel counter, there is a Point of Sale Machine (POS), on which the customer swipes his card. He is then asked by the machine to select the type of transaction, viz. (0) Cash Deposit, (1) Cash Withdrawal and (2) Funds Transfer. And thus the transaction is completed without paper usage

SBI became the first bank in the country to venture into generation of green power by installing windmills for captive use. As part of its green banking initiative, it installed 10 windmills with an aggregate capacity of 15 MW in the states of Tamil Nadu, Maharashtra and Gujarat.

Under its campaign 'Hum aur Hariyali', IndusInd Bank Ltd inaugurated Mumbai's first solar-powered ATM to save on 1980 Kwh of energy annually. It is also supporting various environment friendly finance programmes and projects.

IDBI has been actively complementing Government of India's policies, initiatives and targets set for sustainable economic development and environment protection. IDBI has been involved in implementing several projects under Montreal and Kyoto Protocol obligations for over two decades. IDBI Bank is the first among the public sector banks to have entered into carbon credit business and is actively involved at national and international levels in various forums on climate change.

ICICI Bank's Green initiatives range from Green offerings/incentives, Green engagement to Green communication to their customers. Paperless initiatives like e-statements and e-greetings helped ICICI Bank save 30,000 trees from being felled in 2009-10, besides cutting down spending on stationery by Rs 7.36 crore.

The recycling initiative of Axis bank under the Green Banking banner has helped the bank productively use around 21,572 kilograms of dry waste during the year

Punjab National Bank launched green e-vigilance for the bank which involves paperless dealings in complaint and vigilance procedures through e-network which drastically cuts down cost and time.

#### Advantages of Green Banking

- Use of online banking instead of branch banking saves time.
- It leads to rationalization of paper usage.

- Green banks are more environment friendly.
- Green banking makes people aware about effects of global warming
- Green banking creates awareness about environment and social responsibilities among people
- It provides support to development of new projects which are more environments friendly.

#### Suggestions

Following are some of the suggestions that can be adopted by the banks to promote green banking in India:

- **Make customers more and more aware about green banking through their websites.**
- Promoting different forms of electronic banking
- Creating customer's awareness through the media.
- Carbon footprint reduction by saving energy and paper.
- Carbon footprint reduction by offering transportation services for their employees.
- Providing environment friendly rewards to customers.
- By financing more and more environment-friendly projects
- Join hands in more and more environment preserving causes.
- Focus on greening IT infrastructure

#### Conclusion

With increasing concern about global warming and conserving environment, Indian banks are becoming more responsible towards the green aspirations of their customers. New initiatives like green products and new environment friendly policies are being adopted. But still there is a long way to go. Indian banks should adopt effective strategies for green banking by considering it as a necessity rather than desirability. This endeavour will surely help them in creating long term value for their business.

#### REFERENCE

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