

A STUDY ON THE EMERGING TREND OF GREEN BANKING AND ENVIRONMENT SUSTAINABILITY THROUGH PUBLIC SECTOR BANKS IN INDIA

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Abstract

The problem related to the environment, the maintenance of ecological balance and environmental sustainability has become topics of debate through the eco sphere. Both organizations and consumers have understood the importance of the environment for the survival of human beings. The banking sector plays an important part in the economic growth of a nation. Given that public sectors banks are among one of the main sources of financing for commercial projects, they can play an important role in promoting environmental sustainability by financing socially and environmentally accountable investment schemes. The concept of green banking is similarly a new concept. It is a paperless bank, which not only reduces the cost of banking activities but also helps the sustainability of the environment. It helps reduce the use of paper, power and energy. The main objective of this paper is to know the role of green banking in environmental sustainability in PSBs in India and perform a SWOT analysis of the banking sector with respect to green banking activities. It is observed that banks in India have not had much initiative in this regard, although they play an active role in the emerging economy of India. Therefore, it is suggested the policy measures and initiatives to promote green banking in India.

Key words: Green banking, environmental sustainability, public sector banks, etc.

1. Introduction

In India, green banking is at its earliest stage. The use of green banking is an opportunity to make a profit in the market by creating a difference in the development process of their strategy. In addition, banks must be more active in communicating the concept of green banking and its associated benefits for consumers. The awareness about green banking is at the highest level of administration in banks and this consciousness is minimized with minimal administration, and employees are in contact with at least with clients. Therefore, banks should focus on promoting green banking awareness and benefits that are in direct contact with customers. Green banking is an active method of energy conservation and environment protection. The main advantage of the green banking approach is to protect natural resources and environment. The green banking avoids paper work at the optimal level and focuses on the use of electronic transactions such as ATMs, mobile banking, online banking, etc. for different transactions of customers. To enforce eco friendly businesses, banks can adopt for credit to environmental standards because it improves the quality of the bank assets. This bank's activity has a significant impact on the environmental performance of its depositors. Its customers have to work friendly with the environment. This not only improve the

reputation of the bank, but also they have to face environmental regulations successfully and therefore, leads to better management of legal risks. Provides loans to customers with banks generally lower interest rates. This promotes more businesses to start with the project that is friendly to the environment, and therefore, the economy generally generates greater awareness of the environmental protection activities.

2. Green banking

The green banking is like a common bank, which understands all social and environmental factors. It is also called an ethical bank. Ethical banks have started with the aim of protecting the environment. There are many differences in general banking comparison, green banking give more weight to environmental issues, their goal is to provide good environmental and social business practices, confirming all the factors before lending, if the project environment is friendly and the impact will pay in the future, only when it comes to environmental protection regulations. Green banking means to promote eco system and reducing the effects of your carbon from your banking activities. It comes in many types: use of online banking instead of branch banking; pay bills online instead of sending them instead of mail; and open accounts in online banks, rather than multiple branches instead of big banks.

3. Review of literature

Ragupathi and Sujatha (2015) studied how to be green through green banking. According to this paper, the previous bank did not know the concept of green banking. But now a day banks are playing an important role in the environmental sustainability program. In the green banking process, people are more aware of global warming and every businessman who helps to sustain the environment to make the land a better place to live.

Singhal and Arya (2014) stated that how the bank can become more ecological. According to the study, green banking saves both energy and environment. Banks offer green products such as ATMs, green credit cards, green CDs, electronic funds transfer, use of solar and wind energy, etc. But, this is not complete yet.

Jha and Bhome (2013) studied the green banking trends in India. The main purpose of the study is to know about the green banking sector, and to examine the knowledge of employees, colleagues and public on the concept of green banking. The study suggested that interest on loans should be less for an environmental project, then public interest rates and companies can increase their profits by waste recycling.

4. Objectives of the study

1. To study the ecological sustainability and green banking strategies in India.
2. To study the initiatives taken towards green banking and environment sustainability by PSBs in India.
3. To study the SWOT analysis of green banking mode of the PSBs in India.
4. To suggest practical solutions as coping these challenges successfully.

5. Methodology

This is an exploratory research, so the methodology based on reviewing literature and secondary data. The data were collected through the secondary sources.

6. Environmental sustainability

The concept of environmental sustainability began in 1969 with the formation of the National Environmental Policy Act, 2014 in the United States aimed at maintaining the production of harmony between human and nature, to promote common welfare and to fulfil the goals of social welfare purposes for current and future generations. Environmental stability involves taking steps to reduce the interest in protecting the natural world, with special emphasis on making the environment's ability to make decisions and maintain human life. This is an important issue in the present time, because people are realizing overall that companies and people can be on the environment. Environmental sustainability is the ability to maintain precious things in the physical environment.

7. Benefits of green banking

Almost all banks of electronic banking are working in computerized or central banking solutions. Therefore, there is a large amount of paperless or less space for adoption of office papers, audits, reports and so on. These banks can switch electronic discussions and reports, such as digging control. Banks can introduce green loans for environmental products and projects as well, such as fuel consumption vehicles, green construction projects, installing solar power systems, housing and debt for, etc. For loans based on environmental standards, it is really a good idea, and business owners will change their business so that they are related to the environment, which is good for our future generations.

8. The emerging trend of green banking

Today the term Green banking is often heard. Green bank is like a common bank, which considers all social and environmental/ecological factors with the aim of protecting the environment and protecting natural resources. It is also popularly known as an ethical bank or sustainable bank. Green banking can reduce the impact of carbon along with banks of carbon also benefit from the environment. Online banking is an example of the green banking initiative. The advantages of online banking include less paperwork, less mail and branches of banks by lower transfer expenses, which have a positive effect on the environment. Interestingly, online banking can also increase the bank's power and profit. The bank can reduce its costs resulting in paper overload and mass shipping fees, if most of its customers use online banking. Green banking can also reduce the need for expensive bank branches. Green banking is also gaining importance in recent days. Most banks use computerization, networking, and offer online banking, which reduce the use of direct and non-direct paper, which control pollution. Banks can also support environmental groups, offer green loans and increase funds for local environmental measures. Banks which are more likely to find out more than banks are offering online services for everything to be green. There has been a notable improvement in operation related to banks in terms of worth reduction, productivity boost, profitability improvement, control and management of non-performing assets, etc.

9. A SWOT analysis of green banking

Strengths:

- Green banking practice saves time for both clients and banks.
- The cost of banking operations and the cost of the client as well as the cost reduction.
- Transfer can be done in any volume and in any place.
- Not all banks do the same as green banking practice.
- Through the solar and wind energy program funding, the bank is reducing the carbon impact of the environment.
- Quality customer process password takes place in green banking process.

Weakness:

- Banking sites may be difficult to first visit. Going on banking sites' software you may need some time to read a lesson to feel comfortable in your virtual lobby.
- There is no personal contact with any staff member, and if you speak with a staff member over the phone, you are guaranteed that you're talking about the best active person.

Opportunities:

- People are learning more in computing, so it is easy to start practicing green banks and attract clients to attract activities.
- Mobile banking and internet banking are increasing day by day, so it is time to spread an environmental banking process.
- Most customers only use an ATM card. So, for all the time to start all the steps for green banking modes.

Threats:

- This is a new concept and the client will be adopted.
- Green banking requires a technology that will be very expensive.
- Bank employees need training for this process.
- Renewable and recycling techniques are expensive.
- Data protection is another challenge to adopt green-banking.

10. Conclusion

The green banking has promoted the improvement of environment and the promotion of economic growth. A few years ago, most traditional banks did not practice the green banks or to find opportunities to invest in fields or companies that are environmentally friendly. Indian banks are far behind their counterparts in developed countries. If Indian banks want to enter global markets, it is necessary that they recognize their environmental and social responsibilities. The concept of green banking will be beneficial for banks, industries and economies. Not only will the green banking guarantees greening of industries, but will help to improve the quality of bank assets in the future. There are many opportunities and challenges for Indian banks to adopt as green banking as a profitable business.

11. Reference

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