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# Modern Banking System in India

## New Trends & Prospects



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**NEW TRENDS & PROSPECTS**

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# A STUDY ON GREEN BANKING IN INDIA

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**ABSTRACT :** Green Banking is any form of banking from which the country and nation gets environmental benefits. Through green banking environment can be protect better way than conventional way of banking. This in turn has raised an important issue of environmental protection among environmentalists, government and organization from all over the world. In this paper it is discussed the concept, importance and challenges faced by green banking and the initiatives takenby different bank for implementation of Green Banking.

**Keywords:** Green Banking, Environment, Economy, Banking Service.

## INTRODUCTION

Environment is one of the major issues today. To protect our environment different initiatives has been taken by different country. We must save our environment for our future generation. Continuous increasing awareness regarding protection of environment the society is looking for "Go Green" Concept. Business organization not only think about profits now days but



also it must concern about to protect environment. Green movement for protection of environment has brought about a change in the way business is managed. Now the concept of Green Computing, Green Banking, and Green Management become more important. Green Banking is like a normal bank which considers the social and environmental factors where it is called as paperless bank, sustainable bank or an ethical bank. This concept will start with the objective of protect and sustainable our environment. Through Green Banking using modern technique do all the banking practices and regulation with paperless manner so that there is minimum impact on environment. In the year 2009 the first green bank was launched in Mt. Dora, Florida, United States. In India, State Bank of India (SBI) is the first bank takes initiates of Green Banking concept. Green Banking is a new phenomenon in the financial world. Banks is working as the financial agent of all economic activities in the world. Green banking is the term used by banks to make them much more responsible to the environment. The term green banking means developing inclusive banking strategies which will ensure sustainable economic development.

## REVIEW OF LITERATURE

**Ahuja (2015)** highlighted in his paper regarding the lack of customer awareness regarding green banking concept in India. He also focused the less initiates regarding public sector banks except SBI to for green banking.

**Sudhalakshmi and Chinnadorai (2014)** present the status of Indian Banks for implementing green banking. Banks should maintain lending principle to promote green banking. Indian banks are running behind time in adoption of this new model of banking.

**Jha and Bhome (2013)** conduct a similar survey as stated above to check and thereby create consumer awareness on Green Banking. Green loan, power saving equipment, green credit card, and green checking of accounts should be used to implement green banking in India.

**Sharma, Sarika & Gopal (2017)** analysed their paper regarding the customer awareness of public sector bank are less than private sector bank. The customer of private sector bank is more prone towards using green banking concept.

**Cholasseri (2016)** presented that the future of green banking in India is very much promising. It will help to reduce costing of the bank as well as it will help sustainable our environment.

**Kala et.al (2020)** shown in their study that the customer of private sector banking is more prone to use green banking services than the customer of public sector bank. Public sector bank should take more initiatives to implement green banking more effectively.

**Lalon. R.M ( 2015)** analysed that all scheduled banks would not only allocate budget for green finance, green event or green projects under CSR activities, green marketing and capacity building but ensure the efficient utilization of budget allocation from the point of view of Bangladesh.

## **OBJECTIVE OF THE STUDY**

The primary objectives of the study are -

1. To understand the concept of Green Banking.
2. To examine the importance of Green Banking in India.

## **RESEARCH METHODOLOGY**

The paper performs an extensive research on the basis of the data and information obtained from secondary sources. It involves the use of journal, research paper, and various reports of banks, Reserve bank of India and authenticates government website and online resources etc. for the collection of secondary data needed in the analysis.

## **GREEN BANKING SERVICES**

- Green Deposits
- Green Mortgages and Loans
- Green Credit Card.
- Green Account Checking

- Mobile Banking
- Online Banking.
- Green Reward points.

## IMPORTANCE OF GREEN BANKING

- Creating awareness among the business houses to save and protect environment and sustainable eco-friendly business model.
- Green Banking adopts some of the ethical issues through which environment can be protected which is very much important for our future generation.
- Free e-payment system and paperless transaction, paperless account opening system can be implemented.
- Green banks gives more importance to environmental friendly factors like ecological gains thus interest on loan is comparatively less.
- Green banking optimizes costs, reduces the risk, enhance banks reputations and contribute to the common good of environmental sustainability.
- It serves both the commercial objective of the bank as well as its social responsibility.
- It helps to save time and money and also helps in controlling deforestation.
- It facilitates the development of human capital in a country and generate clean and hygienic environment.

## CHALLENGES OF GREEN BANKING

Green banks face different challenges as well. These are:

- Generally it is a new concept and banking is in start up position so entry level challenges they have to face.
- The operating cost of green banking is comparatively high.
- Green banks restrict their business transactions to those business entities who qualify screening process done by green banks. With limited number of customers they will have a smaller base to support them.
- Information regarding green banking policies is not readily available by the bank.
- Lack of awareness from customer point of view is one of the major challenges in green banking system. Customers still do not have sufficient knowledge regarding green banking.

## GREEN BANKING INITIATIVES BY INDIAN BANK

- **State Bank of India:**

SBI is the largest public sector banks in India. Being the leading bank SBI have taken different initiatives to promote green banking system. Green channel counter is started from 1<sup>st</sup> July 2010. The bank installed wind mill and three states in India. Different banking activities of SBI become paperless. In short SBI have taken a great initiative for implementation of green banking in India. SBI also have launched green reward points system.

- **Bank of Baroda**

Bank of Baroda (BoB) has taken some initiatives to promote green banking in India. Installation of more ATM, minimizing use of diesel, developed technical initiatives, E-Business, preferable financing in eco-friendly projects.

- **Yes Bank**

Yes Bank is a first Indian signatory to the Carbon Disclosure Project and has documented its Carbon Footprint. It is also the first Indian Bank from the private sector to become signatory to UNEP Statement by Financial Institutions on the Environment and Sustainable Development.

- **Punjab National Bank**

Punjab National bank took some very effective initiatives to promote green banking system. Use both side of pages, electricity audit, using LED lights, energy conservation, eco-friendly transaction system, using solar energy etc. have promoted environment sustainability.

- **ICICI Bank**

ICICI bank offered 50% concession on processing fees for the eco friendly vehicles. ICICI bank launched 'Go Green' - an organization-wide initiative to reduce its own carbon foot print.

- **IndusInd Bank**

"Human aurHariyali" campaign which introduced solar powered ATM's. They are also supporting environment friendly finance programmes and providing incentives to go green.

## CONCLUSION

Indian economy is an emerging economy and there is huge option to implement green banking successfully. . There is a need of an approach towards paradigm shift by setting up of the business model which would consider all the three aspect of triple bottom line approach i.e. the people, the planet and the profit. The future of green banking initiatives in India is promising. Both private and public sector bank use this system to protect our environment and for the sustainable development of environment. The government, people, business houses including banks must successfully launched this concept to fight against global warming. The Green Banking is thus the order of the day and it will definitely benefit the banks, the industries and the environment as a whole. Not only it will

ensure the greening of the industries but it will also facilitate in improving the asset quality of the banks in future.

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