

**A REVIEW OF GREEN BANKING PRACTICES IN INDIA:
A JOURNEY THROUGH LITERATURE**

Dolly Mangla*

Dr. Shilpa Goel*

Dr. Laxmi Gupta**

Abstract:

Green banking is no more a new concept in today's world. The concept of green is to minimize environmental degradation and making this planet habitable and it's being used in the banking sector which is presently known as green banking. The situation is so consternation that the scientists are communicating the issues of ecological imbalances. So, this is the responsibility of the present organizations to create awareness about the green practices among the juvenile persons working in the organization. Green Banking emphases on environmental friendly practices and reducing the carbon footprint from banking activities. The main objective of this paper to review the level of green practices implemented in various banks in India and to enlist the effective strategies for adopting green banking. This study will also help Top Management of the Banking Sector to make their new green policies for a sustainable environment.

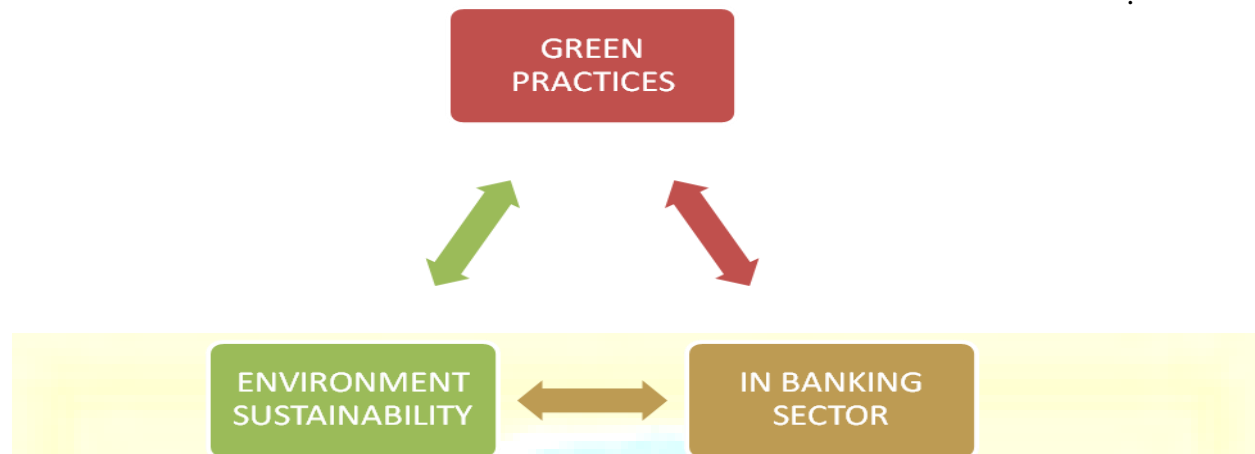
Keywords: Green Practices, Environment, Juvenile, Ecological Imbalances, Environment Friendly Policies.

* Assistant Professor, Aggarwal College, Ballabgarh, Faridabad.

** Associate Professor, Saraswati Mahila Mahavidyalaya, Palwal.

Introduction:

The disastrous impact of recent storms, floods, droughts and excessive heat that many people have experienced around the world, motivate us to think seriously about global warming and its impact and to do whatever we can to address this problem. A proactive multipronged action is necessary by all the business sectors, regulatory agencies and the individuals. For instance, Green practices are related to the environment policy establishment, which will enhance the environmental performance by the application of green products, process and services over continuous basis to benefit both internal and external stakeholders. Economic development of a country largely depends upon industrialization and a developed banking organization is a pre-requisite for the industrial development of the country. Banks are expected to play a very useful role in the economic development and the emerging markets will provide ample business opportunities to harness. Green banking is a general term, which can cover a multitude of areas from banking being environmentally friendly to how and also where their money is invested. A green bank is a bank that promotes environmental and social responsibility but operates as a traditional community bank and provides excellent services to investors and clients. Its progressive approach towards the public and the earth makes it different from the crowd. A Green bank is also called ethical bank, environmentally responsible bank, socially responsible bank, or a sustainable bank, and is expected to consider all social and environmental factors. Currently, in India, the concept of green banking is catching up and banks are actively looking for ways to portray themselves as Green Bank.



(Fig. 1)

Literature Review:

A literature review is an evaluative report of studies found in the literature related to the selected area. The review describes, summarizes, evaluates and clarifies the literature. It gives a theoretical basis for the research and helps to determine the nature of the research. A literature review goes beyond the search for information and includes the identification and articulation of relationships between the literature and field of research. While the form of the literature review may vary with different types of studies, the basic purposes remain constant.

Francisco, San. (2008) examined green banking issues including consumer habits, green banking behavior. Javelin strategy & research recommended various practices like turn off paper statements, switch to direct deposit, start using online banking, skip the receipt and the deposit envelop and try mobile banking.

Md. Maruf, Ullah. (2012) made a comparative analysis among different types of banks [State-own Commercial Banks (SCBs), State-own Specialized Development Banks (SDBs), Public Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs)] in operation in Bangladesh

to see whether they adopted green banking policy guided by Bangladesh Bank (BB). The study concluded that only PCBs, FCBs have adopted green banking guideline and financed some of green banking based projects on the other hand SCBs and SDBs initiatives are not remarkable.

Gill, Mandeep. (2012) examined the nature and extent of green HR initiatives undertaken by ITC limited as a case study. He suggested that the academicians can contribute by carrying further research in this area which can build a knowledge base on green management. He investigated that the focus on improving the operational effectiveness combined with the up-gradation of technology have led ITC to be the only company in the world, of its size and diversity and achieving almost 100% solid waste recycling.

Shaikh, M.W. (2012) made an attempt to spread awareness amongst the industries, across the country on green HRM, thereby helping the organizations and its people, to understand the environmental related issues and reduced environment problems and pollutions. He analysed that HRM has significant opportunity to contribute to the green movement & motivate employees to work for greener business.

Douglas, Renwick. (2012) discussed the literature on environment management , HRM and offered a process model and research agenda forward in green HRM. He analysed that the future research into green HRM may provide interesting results for all stakeholders in HRM.

Bahl, Sarita. (2012) surveyed the Indian initiatives by various banks and enlisted significant strategies for adopting green banking. She concluded that if Indian banks desire to enter global markets, it is important that they focus on environment and social responsibilities.

Rajput, Namita. and Kaura, Ruchika. (2013) studied response of Indian banks to environment turbulence and their action in the view of green banking adoption and gap. They analysed that main barrier to environment sustainability is “lack of RBI mandates” and RBI needs to make more policies embedding green issues. The results showed that India is adopting green practices very slowly as compare to other countries.

Islam, Shafiqul. and Das, Chandra. (2013) analyzed the green banking in practices in Bangladesh and to give some suggestion in this regard. The study was secondary data based. The finding showed that the bangladesh banks in-house green activities was not at a satisfactory level.

Bhardwaj, Broto Rautla. and Malhotra, Aarushi.(2013) reviewed various models of green banking practices adopted by Indian companies to grow and concluded that banks which are adopting green banking practices influence the performance of the organization. SBI was the first bank in the country to think of generating green power and implement the renewable energy project for the captive use.

Research Gap:

It is clear from the literature reviewed that although various studies have been conducted in the field of green banking yet the study on Green HRM practices in the banking sector in Indian context needs to be explored further and should be given due consideration in the light of the fact that it is the need of the present hour and banks need to adopt these practices at any cost. In Indian banking sector the implementation of the Green HR practices is on a very minimal level and hence to fill this gap the present study assumes great significance.

Rationale of the study:

Like any other enterprises, as consumers of natural resources, banks directly interact with the environment. For instance, banks contribute towards the carbon emission directly in their day to day operations in terms of use of paper, electricity, lighting, air conditioning, electronic equipment and other things, although this is moderate compared to other carbon sensitive industries like steel, oil and gas etc. banks affect the environment directly by financing intermediaries who are major source of long term funding to various industries that pollute the environment heavily. Hence it is imperative to understand the need for sustainable practices for banking.

Objectives of the Study:

The objectives of the study are as follows:

- To study the level of green practices implemented in the Top Public Banks of India.
- To study the impact of green HR practices on environmental sustainability.
- To outline the significant strategies in green banking on the basis of the review.

Research Methodology:

Research Methodology is a method to solve the research problem systematically. It involves data collection, use of statistical techniques, interpretations, and drawing conclusions about the research data. It is a blue print, which is followed, to complete the study. The literature available was reviewed and used in conceptualizing the concepts.

Hypothesis Formulation:

It is hypothesized that the green HR practices will have a positive impact on sustainable environment.

Review of Green Banking Initiatives in Banks:

After review of available literature on various green practices initiatives of banking industry following results were drawn:

In order to address ecological and environmental concerns, reserve bank of India has decided to go for energy efficient buildings. Bureau of energy efficiency has awarded the first star rating labels to the bank building in Bhubaneswar and New Delhi. The four buildings located in Bhubaneswar, Chennai, Kochi, Kolkata is recognized as a 5-star building under the rating system. Nine buildings in Bhopal, Chandigarh, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi and Thiruvananthapuram have been given 4-star rating. In consideration of ozone depleting substances, the bank has reviewed the air-conditioning plant and planned to replace some of the plants. State bank of India (SBI), the oldest bank has also adopted green banking initiatives in its lending operations. recognizing the warning of global warming bank has decided to initiate urgent measures to combat the climate change through envisaging two pronged approach viz. i) To reduce the bank's own carbon footprint and ii) to sensitize the bank's clients to adopt low carbon emission practices. As a signal of bank's sincerity and urge in its efforts bank has installed windmills for the bank's captive use with a view to substitute the polluting power with green power. Indusind bank has recently launched solar-powered arms. Many banks have participated in the carbon disclosure project. Some banks are undertaking greenhouse gas inventory exercise of calculating their carbon foot-printing and undertaking energy audits. ICICI bank has shown its commitment to corporate environmental stewardship and extended a great

support to clean technology projects. It has also liberalized credit to zero emission vehicles. IDBI has set up carbon desk.

1. **State bank of India:** The focus areas of the bank's CSR activities are:

- Education.
- Health Care.
- Assistance to poor & underprivileged
- Environment Protection.
- Entrepreneur Development Program.
- National Calamities.

The bank offers a wide array of financial products and services, each of which has a direct or indirect positive impact on the society and/or environment. Few of the bank's recent products/services with inherent environmental/ social benefits like Green Channel Counter, Green Remit Card etc.

- **World Water Day:** In keeping with the bank's commitment to society and to help provide clean drinking water to children in schools especially in backward areas, the bank has provided over 42000 water purifiers to more than 42000 schools spread across 35 states and union territories during the current fiscal.
- **Distribution of Water Purifiers to Schools:** Our bank as part of csr the state bank group has provided over 19,000 water purifiers to more than 19,000 schools across 35 states and union territories of the country on the occasion of a teacher's day, 2012. This effort is expected to benefit over 40 Lac students all over the country.
- **State Bank Day 2013 – Fans Distribution to Schools:** In order to help the needy schools and reiterate the bank's commitment to serve the community once again each of

our branches have chosen a needy school and gifted electric fans on the occasion of the state bank day, which will bring happiness to millions of school children.

2. **Punjab National Bank:** Corporate Social Responsibility Strategies adopted by PNB are:

- ✓ Sustainability
- ✓ Corporate Volunteering
- ✓ Social Investment
- ✓ Health
- ✓ Green Initiative
- ✓ Collaboration

Various Green Initiatives taken by banks are as follows:

- A bank organized more than 250 tree plantation drives.
- A separate audit sheet to assess the implementation and the impact of green initiatives has been evolved.
- The bank is emphasizing on green buildings.
- Banks encouraging green practices such as printing on both side paper, composite fax machines etc.
- The bank had signed green pledged of the ministry of new and renewable energy.
- Environmental protection in the credit process, in all project loans, banks had formulated guidelines to ensure that all necessary approvals including from pollution control board have been obtained before disbursement of loans.
- Banks had place guidelines for providing finance to units producing solar energy, wind energy and hydel energy.

- PNB was awarded the 2nd prize for the best wind power project financed by wind power India 2011.

3. Bank of Baroda: Some of the other major initiatives in improving the customer service during this year are:

- ❖ Online Fixed Deposits- The bank's customers can now make online fixed deposits through the system called Baroda connect.
- ❖ SMS Alert Facility

Corporate Social Responsibility

As a responsible corporate citizen, bank of Baroda is considering donating to national/state relief funds and to any individual, trust, society, charitable/social institutes of repute engaged in social activities for the benefit of the vast variety of people. Donations are given to promote various activities. They are extended essentially as a social welfare measure on a non commercial basis to individual trusts, social work organizations/ institutions etc.

4. **IDBI:** IDBI bank takes a step towards the green initiative in corporate governance by going paperless and sending documents to shareholders through electronic mode. The bank proposes to send all the documents like general meeting notices/other notices, annual report or any other document to members in electronic form.
5. **SYNDICATE BANK:** In Syndicate bank, 'the processing of 'green initiatives' includes the application of electronic means.' national electronic funds transfer helped syndicate bank in cutting off stationary expenses. ATM transactions are more than the counter transactions, i.e., as of December 2011 counter transactions accounted for Rs 512.83

crore for the bank compared to Rs 970 crore through ATM counter. This is because banks encourage customers to use plastic cards. Also, more transactions are effected through net banking. They have started recycling waste from April 1 2012 through authorized recyclers notified by the government. The bank is currently running 80 rural branches with solar powered ups.

6. **CANARA BANK:** Canara bank, green banking is a form of paperless banking. According to them it will be enforced when the RBI insists on it. Canara bank has been the initiator of paperless banking and is the highest finance for solar energy related projects. The bank is also known to be conducting carbon financing in Delhi and Mumbai.
7. **UNION BANK OF INDIA:** UBI use green banking channel for manual filling up of challans or vouchers. The entire report of bank to top management is through e-reporting using SMS and email. The notices/annual reports sent to shareholders by email as a green initiative for corporate governance. The publishing and retrieving of e-circular through demos completely does away with papers. A document management system with workflow used to make minimum use of papers with backup in place. Green banking channels helped in reduction in turnaround time and increasing customer satisfaction by quality interaction as more time available to branch. Standardization and automation of business processes become possible due to e- banking .Efficient utilization of resources and reducing the risk of business disruption. Challenges faced while implementing are non uniform application of business rules at offices and too many resources used at different places.the risk of business disruptions as man-made calamity or natural calamity

beyond control of organizations and the lack of resources for customer facing activities on the workplace.

8. **CORPORATION BANK:** The modern day business environment, more so, the banking and financial sector, is extensive using technology for business operations. The operations in the banking sector has been extensively catered to by a host of delivery channels which are gaining widespread customer acceptance and the number of transactions made using these delivery channels are gaining momentum. Delivery channels like ATMs, internet banking, mobile banking etc. have proved to be extremely effective, customer-centric and widely accepted as they have ushered in an anytime, anywhere banking experience to the customers. To supplement, there has been also new options like debit cards and credit cards for drawing money and carrying out transactions at an ATM, point of sale terminals at merchant establishments and through the internet. This is also gaining importance on account of the RBI policies to move towards paperless banking and also reduce cash transactions including those using checks increasingly, by shifting to options like national electronic funds transfer and real time gross settlement system.

Proposed Significant Strategies in realtion to Green Banking:

It is clear from the Literature review that organizations with better developed GHRM policies has positive outcomes of environment sustainability, organizational and social performance. The suggestion for the Indian banking sector is the implementation of green HR practices like green recruitment and selection, green rewards, green teams and green culture etc.

- **Green recruitment and selection:** E-recruitment, also known as online recruitment, is the practice of using technology and in particular Web-based resources for the tasks

involved with finding, attracting, assessing, interviewing and hiring new personnel. The purpose of e-recruitment is to make the processes involved more efficient and environmental effects, as well as less expensive.

- **Green Teams:** Green teams should lead by an employee green captain, the green teams are the resident experts on the Eco options products and environmental issues. They facilitate events and promotions, promote knowledge to store employees, promote environmental publications, and ensure waste diversion and recycling programs are well executed.
- **Eco Options Training:** The learning team can be developed and executed an in-depth training program designed to educate associates on the Eco options suite of products, so they can, in turn, educate consumers about sustainable choices for their homes and buildings .
- **Green Rewards:** Banks can provide rewards and incentive schemes covering employees, households and consumers. They can reward employees for taking positive steps that enhance personal health and enabling their organizations to embed well- being and sustainability into the workplace.
- **Green Culture :** A strong theme in the long term sustainability is the green culture . i.e. broader human and environmental harmony together, so that to achieve sustainable development of human culture. Green culture is the creation of human adoption of the environment.
- **Green employee involvement:** Commitment and Engagement from Top Management can contribute a lot to the Sustainable Environment management in the organization.

Discussion and Limitations:

The aim of the paper to look into the current developments of green practices in the banking sector in India and to study the impact of green HR practices on sustainable environment. Research findings showed that most banks are operating various Corporate socially responsible practices. RBI needs to make more required policies on green practices. The public banks are focusing on various practices like paperless transactions, e-reporting, e-circular, carbon financing and donation in social activities etc. They are lacking in green HR practices in the banking sector. Finding of this study showed that the green HR practices will have a positive impact on environment sustainability. This paper has a few limitations as it lacks quantitative analysis and focuses on the few numbers of databases chosen for the study.

Conclusion:

From the environment sustainability perspective, the results of the study are encouraging the use of green HR Practices in banking Sector. In general, Environmental issues have not been completely inserted in the traditional HRM practices such as selection, recruitment, rewards, career planning for good environmental performance. It can be concluded that there is an unbalance between HR practices to support Environment management. The analysis showed that various HR variables like a team, training, culture, rewards support environmental management. Therefore, Indian banks should adopt green HR strategies to promote environmental sustainability.

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