



ENHANCING GREEN BANKING PRACTICES IN INDIAN ECONOMY

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ABSTRACT

In the framework of sustainable development and environmental preservation, the Indian economy essentially should embrace green banking methods. An overview of the main goals and consequences of integrating green banking principles are proposed in this abstract. It highlights the necessity of encouraging investments in sustainable initiatives, coordinating financial decisions with environmental concerns, and improving disclosure of environmental and social hazards in a transparent manner. Adopting green banking is becoming strategically necessary as India aspires to economic progress in order to maintain a sustainable equilibrium between economic success and ecological well-being.

KEYWORDS: corporate entrepreneurship renewable energy, green banking, carbon footprints, sustainable development, environmental conservation environmental risks, Indian economy.

INTRODUCTION

Adoption of green practices essentially calls for development implementation of environmental friendly technology and reduction in carbon footprints. Bose et. al., 2018 Green banking strategies involves the use of environmentally friendly practices at every level of the operations as well as to consider environmental impact in projects investment of commercial banks (Ahmad et al., 2013) .According to Lubin and Esty (2020), sustainability is a "emerging mega- trend" and a crucial business goal that will encourage the development of green business innovation. When it comes to emissions and pollutants, bankers often "consider themselves to be in a relatively environmentally friendly industry By directing money into climate-sensitive industries, the banking sector promotes recovery, helps adapt environmentally friendly practices, and reduces climate risks (Part & Kim, 2020). Businesses that have effectively incorporated it into their operations include Cisco, HP, and Walmart (Sheth et al., 2010). Many studies have been done on green banking strategies, their different dimensions, and how banks in developed and developing nations are implementing green banking practices (Bihari, 2010; Chaurasia, 2014; Islam & Das, 2013; Shamshad et al., 2018). Financial institutions must immediately integrate their operations with sustainable development goals in light of the increasing public awareness of environmental challenges. Green banking means promoting environment friendly practices and reducing carbon footprint from banking activities Bahl, Sarita (2012). A nation's ability to prosper sustainably depends greatly on its banks, and green banking is now a buzzword. The financial services industry is changing as a result of developments in the financial, economic, and environmental spheres. This includes a comprehensive integration of ethical principles and values into banking operations, as noted by Lympelopoulos et al. (2012) and San-Jose et al. (2009). The banking industry is under intense pressure

to do business in an ethical manner from a variety of its shareholders (Frenz, 2005; Jeucken, 2001). Corporate entrepreneurship involves a great deal of uncertainty and risk. Nonetheless, well-established firms might operate as effective engines that get the best results from methodical, cautious advancement. Furthermore, changes in the external and internal environment may have an impact on the dedication to sustainable entrepreneurship and, as a result, cause the activity to get high or moderate levels of cyclical support (Kelley, 2011).

NEED FOR THE STUDY

In order to achieve sustainable development, manage the growing environmental challenges, and promote a healthy balance between ecological well-being and economic progress, research on the adoption of green banking in the Indian economy is crucial. This statement highlights the imperative of harmonizing financial operations with ecological considerations, incentivizing investments in sustainable projects, and advocating for the open and honest disclosure of environmental risks. It underscores the strategic importance of India adopting green banking principles to achieve sustained economic growth. The study becomes strategically necessary given India's commitment to the global goal of sustainable development. The country can improve its competitiveness in the global market and meet its environmental duties by using green banking principles.

As the study emphasizes, better disclosure of environmental and social dangers guarantees that stakeholders are informed and promotes a transparent and accountable culture in financial decision-making.



SCOPE OF THE STUDY

- ⊕ Examine the ways in which sustainable development and environmental protection are compatible with green banking.
- ⊕ Assess how financial institutions encourage and assist environmentally friendly and sustainable projects.
- ⊕ Explore how financial decisions, policies, and practices can be aligned with environmental considerations.
- ⊕ Explain about how implementing green banking practices is strategically important given India's economic development.
- ⊕ Investigate and discuss the positive outcomes and consequences that can be expected from the adoption of green banking.

REVIEW OF LITERATURE

Sathe	(1989).	Greener Journal of Business and Management Studies	Green Banking Strategies: Sustainability through Corporate Entrepreneurship	The findings of the research study show that the banks which are adopting the green banking Practices influence the performance of the organization.
Sahoo, Prabakar And Nayak, Bibhu Prasad	(2008)	International Journal for Research in Engineering Application & Management	Sustainable & Green Banking Practices in India- Issues and Challenges	Banking sector is one of the major stake holders in the industrial sector; it can find itself faced with credit risk and liability risk.
Douglas J, Lober	(1998)	Journal of Organizational Change Management	"Pollution prevention as corporate entrepreneurship	Pollution prevention is a new concept of the idea of environmental entrepreneurship as it is process based and focused on reducing costs rather than increasing revenues.
Bihari, Suresh Chandra	(2010)	International Journal for Research in Engineering Application & Management	Sustainable & Green Banking Practices in India- Issues and Challenges	It analyses the Social responsibility of banking sector. and the role of banks in controlling the environmental damage is extremely important.
Dhawal, Mridul and Agrwal, Ankur	(2011)	International Journal of Management and Commerce Innovations	Green practices banks banking in Indian	An Innovative initiative for Sustainable Development" concluded that Indian banks need to be made fully aware of the environmental and social guidelines
Bahl, Sarita	(2012)	Journal of Research in Business Economics and Management	Green banking - The new strategic imperative	The new Strategic Imperative" on Public banks collected manager's sector and views on green banking financial products,
Kawasaki, S.G. and More, R.P.	(2013)	International Journal for Research in Engineering Application & Management	Green practices banks banking in Indian	The highlights study that in spite of a lot of opportunity in green banking and RBI notifications, Indian banks are far behind in implementation of green banking
Sreeshach	(2014)	International Journal of science and technology and management	Green banking and environment sustainability by commercial banks in India	This study also focuses on the environmental sustainability notion that Indian banks, both public and private, have adopted
Donald F Kuratko	(2007)	Business and Economics	Corporate entrepreneurship	Corporate Entrepreneurship provides a thorough review of the literature on this topic and presents a model based on this literature.
Bhardwaj and Malhotra; Julia and Kassim, Kumar,	2013, 2019	Journal of Entrepreneurship Sustainability Asia and	Factors influencing adoption of green banking practices: Evidence from commercial banks in India	Banks that implement green banking practices help to reduce their negative environmental effects as well as their overall internal and external carbon footprints.

OBJECTIVE

- To encourage sustainable development and addressing environmental issues require the Indian economy to embrace green banking.
- To propose the development of a supportive regulatory framework that encourages and rewards banks for adopting green practices, possibly through tax incentives or regulatory benefits.
- To Determine and evaluate the environmental risks related to banking operations.



RESEARCH GAP

In order to encourage a wider adoption of green banking practices, research might assess the suitability of the current rules, point out any gaps, and make recommendations for improving the regulatory environment. Understanding the perspectives of different stakeholders, such as banks, businesses, consumers, and regulatory bodies, is crucial. Research could investigate how these stakeholders perceive green banking, their level of awareness, and the factors influencing their support or resistance to such initiatives.

OBSERVATIONS

- The Reserve Bank of India (RBI) has been actively promoting green banking practices through various guidelines and initiatives. These guidelines encourage banks to integrate environmental and social considerations into their business operations. Kawasaki, S.G. and More, R.P. (2013)
- Indian banks have started offering green finance products, including green loans and green bonds. These financial instruments are designed to fund environmentally sustainable projects, such as renewable energy initiatives, energy-efficient projects, and waste management. Customers are becoming more conscious of the environmental practices of their banks and are increasingly inclined towards sustainable banking options. As per Evangelinosetal. (2009)
- Green banking analyses the measures taken by banks to reduce their own carbon footprint. This could include investments in energy-efficient technologies, sustainable organisational practices, and responsible supply chain management. Bahl, Sarita (2012),
- The practices offered by the bank compares the adoption of green banking in India with other countries. Evaluate best practices and lessons learned from global experiences that could be applied to the Indian context.
- The reference to "different dimensions" in green banking strategies suggests that research is likely investigating multiple dimensions, including policy frameworks, technological innovations, and consumer behavior. This multifaceted approach is essential to gaining a thorough understanding of the opportunities and challenges related to putting green banking practices into practice. (Bihari, 2010; Chaurasia, 2014; Islam & Das, 2013; Shamshad et al., 2018).
- The recognition of liability and credit risk highlights the difficulties banks may have while implementing green banking practices. It implies that the banking industry's typical risk picture maybe impacted by the integration of environmentally sustainable activities, requiring cautious management and strategic planning, Sahoo, Prabakar and Nayak, Bibhu Prasad (2008),

FINDINGS

- The awareness levels generated on green banking services to business people about environmental and social responsibilities enhances eco- friendly business practice.
- The concept of green banking is a proactive and smart way of thinking with a vision for future sustainability.
- Financing renewable energy projects and sustainable businesses has been emphasised by many financial institutions. The development and adoption of green financial products and services in the Indian banking sector includes green savings accounts, eco- friendly loans, and sustainable investment options.
- When a loan is approved, the interest rate is lower than it would be at a traditional bank since green banks place a higher value on ecological benefits and other environmentally friendly criteria.

CONCLUSION

Green is the word now. There is an increase in awareness regarding protecting and conserving the environment. Green Banking is an emerging global concept. It integrates management of environment with banking activities and aims at reducing carbon footprints. India's banks and financial institutions are lagging behind in the area of green banking. Not a single bank or financial institution in our country has embraced the Equator Principle, not even for documentation purpose. It is important to get the banking and financial industries to support sustainable development. In a market economy undergoing fast change, where market globalization has increased competition, industries and businesses are exposed to harsh government regulations, costly legal actions, or consumer boycotts. Banks and other financial institutions would have to recover their investment return as a outcome. Therefore, it is imperative that banks adopt a proactive approach in incorporating environmental and ecological considerations into their lending policies. This will compel firms to invest in environmental management and utilize relevant technology and management systems. One of the well-liked ideas that is experiencing remarkable growth in the financial sector is green banking. Considering the present situations, green banking is a great approach for people to become more conscious on the effects of global warming. Every business will have a significant scope of positive impact on the environment and improve the quality of life on Earth, because of green banking. Prior to a few years ago, the majority of conventional banks did not engage in green banking or actively pursue investment possibilities in companies or industries that respect the environment. These tactics have just lately gained traction, not only with smaller alternatives and cooperative banks. Because it is process-based and concentrates on cutting expenses rather than raising revenue, pollution prevention is a novel interpretation of the concept of environmental entrepreneurship. Sustainable products and processes are acknowledged to be greatly facilitated by entrepreneurship.



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