

India Today in Green Banking

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Abstract: Today across the globe the main problems are environmental problems and reduction and management of scarce natural resources. It is the responsibility of each and every one of us to work in this direction in order to minimise environmental issues. Indeed financial institutions playing vital role in global efforts to minimise environmental risk and make the earth a better place to live. This paper makes an attempt to understand and examine “Green Banking” and its role towards sustainable development. Green banking is the need of the Hour for the sustainable development of the country.

Key Words: Green banking, sustainable development, Environment initiatives and banking sector.

INTRODUCTION

“The Supreme reality of our time is the vulnerability of our planet”.

Sustainable development and preservation of environment are now recognised globally as overriding imperatives to protect our planet from ravages inflicted on its mankind, various global initiatives are underway to counter the ill effects of the development that living beings encounter today, such as global warming and climate change. Banks and Financial Institutions can play a major role and decisive role in these global efforts to make our planet a better place to live it. Although, banks are considered environmental friendly and do not have any impact on environment through internal operations, in terms of emission and pollution, but their “external” impact on the environment through their customers activities is substantial.

Green banking means promoting environmental – friendly practices and reducing your carbon foot print from your banking activities. This comes in many forms:

1. Using online banking instead of branch banking.
2. Paying bills online instead of mailing them.
3. Opening up accounts at online banks, instead of large multi -branch banks.
4. Finding the local bank in your area that is taking the biggest steps to support local green initiatives.

SURVEY OF LITERATURE

Green(1989), revealed that a bank’s responsibility extends to Government, customers, shareholders, staff and community. Banks do have ethical responsibility but it is not protected by limited liability from the consequences of their actions. A bank’s record and the perception of its ethics its reputation and ensure long term success and failure. Further, he concluded that as we face increasingly complex and conflicting issues, our commitment to ethical behaviour would be tested.

Hitt. Keats and DeMarie(1998), put forth that in 21st century organization success would depend upon exercising strategic leadership, building dynamic core competencies, developing human capital, effectively utilizing new manufacturing

techniques and implementing novel organization structures and culture. So, there is a need to review the responsibilities of banks so that changes of 21st century can be successfully controlled.

Jeucken(2001) compared 3 world regions Europe, north America and Ocenia for the period 1998-2000non the basis of environmental and annual reports of banks and analysed some important differences between regions , countries, and banks with regard to sustainable banking. The result showed that a defensive position towards the environmental issue is adopted by 53% of the banks and large number of banks are unaware of the role that they can play for sustainable development.

Sahoo, Pravakar and Nayak, Bibhu Prasad(2008), in their research article on “Green Banking in India” highlighted that banking sector is one of the major stake holders in the industrial sector, it can find itself faced with credit risk and liability risk.

OBJECTIVES OF THE STUDY

1. To study the concept of Green Banking.
2. To highlight the means to create awareness in internal as well as external sub systems among target groups and impart education to attain sustainable development through Green banking.
3. To enumerate effective methods for Green Banking.
4. To know the strategies adopted by the bankers for Launching Green Banking.

RESEARCH METHODOLOGY

The present empirical study has incorporated the collection of both primary and secondary data for the in-depth investigation. All the information, data and opinion are collected which have direct or indirect relevance to the information. An intensive desk research has been undertaken to collect published data. For collecting primary data, structured questionnaire has been used and 30 managers of public banks were surveyed after pilot study.

The present study is an attempt to analyze various strategies .To find out the most significant strategies while going ahead with green banking, Chi-square test was used. When we want to test a random sample of X_1, X_2, \dots, X_n has been drawn from a normal population with mean and a specified variance

$$\chi^2 = \frac{\sum (x_i - \bar{x})^2}{\sigma_o^2}$$

Where S, the standard deviation of the sample follows chi square distribution with (n-1) degrees of freedom. By comparing the calculated value of χ^2 with the tabulated value (n-1) degree of freedom at certain level of significance. We may accept (or) reject the null hypothesis. It should be noted that this test can be applied only if the population is normal.

Table.1

Chi-square Test for Ranking the Effective Means followed to Create Awareness Among the Respondents as Internal Subsystem to Attain Sustainable Development through Green Banking.

S.No	Means	X	$X - \bar{X}$	$(X - \bar{X})^2$
1	E-learning Programs	39	19	361
2	Banks News letters	28	8	64
3	Weekly Green News on Internet	22	2	4
4	High Level Meetings	9	-11	121
5	Publications	2	-18	324
	Total	100		874

NULL HYPOTHESIS

There is no association between the various effective means and awareness among the respondents as internal subsystem to attain sustainable development through Green Banking.

The calculated value is less than the table value .Therefore the null hypothesis is accepted.

Inference

It has been observed that weekly E-Learning programs acts as an effective means followed to create awareness among respondents as internal subsystem to attain sustainable development through Green Banking with Chi-square Value as 9.49.

Table-2
Chi-square Test for Ranking the Effective Means followed to Create Awareness Among the Respondents as External Subsystem to Attain Sustainable Development through Green Banking.

S.No	Means	X	$X - \bar{X}$	$(X - \bar{X})^2$
1	Web sites	12	-4.5	20.25
2	Bench Marking	22	5.5	30.25
3	Event meeting	27	10.5	110.25
4	Capacity Building	8	-8.5	72.25
5	Road shows	20	3.5	12.25
6	Media	11	-5.5	30.25
	Total	100		275

NULL HYPOTHESIS

There is no association between the various effective means and awareness among the respondents as internal subsystem to attain sustainable development through Green Banking. The calculated value is less than the table value .Therefore the null hypothesis is accepted.

Inference:

Table 2 depicts that event Meeting , Media and bench marking have been rated as most effective means of creating awareness as external subsystems among the respondents.

Table-3
Chi-square test for ranking the effective methods of adopting Green Banking

S.No	Methods	X	$X - \bar{X}$	$(X - \bar{X})^2$
1	Online savings A/c	8	-6	36
2	Paperless statements	20	10	100
3	Direct Deposits	12	-2	4
4	Online Bill Payments	5	-9	81
5	Reward debit and Credit Card	17	3	9
6	Net Banking	14	0	0
7	Mobile Banking	24	6	36
	Total	100		266

Null Hypothesis

There is no association between the various effective methods to adopt Green Banking to attain sustainable development through Green Banking.

The calculated value is less than the table value. Therefore the null hypothesis is accepted.

Inference

Table -3 reveals that Mobile Banking has been rated as an effective method of green banking.

Table-4
Strategies Adopted by Bankers for Green banking

S.No	Strategies	X	$X - \bar{X}$	$(X - \bar{X})^2$
1	Carbon Credit Business	34	14	196
2	Green Banking Financial Products	18	-2	2
3	Green mortgages	12	-8	64
4	Carbon foot Print Reduction	26	6	60
5	Social Responsibility Services	10	-10	100
	Total	100		400

Null Hypothesis

There is no association between the various strategies adopted by bankers to attain sustainable development through Green Banking.

The calculated value is less than the table value .Therefore the null hypothesis is accepted.

Inference: The table-4 reveals that carbon credit business has been rated as effective strategy adopted by the bankers so as to protect our economy through Green Banking.

Suggestions

- Construct a website and spread the news.
- Educate through banks Intranet and Public Website.
- Participate in events.
- Setup outlets to promote Green Business.
- Communicate through the press.
- Disseminate information through leaflets.
- Carbon Footprint reduction by energy consciousness .
- Carbon footprint reduction by mass transportation.
- Impart education through E-learning Programmes.
- Making it a part of annual environment report.

CONCLUSION

Indian banks need to be made fully aware of the environmental and social guidelines to which banks worldwide are agreeing to. As far as green banking is concerned, Indian banks are far behind their counterparts from the developed

countries. If Indian banks desire to enter global markets, it is important that they recognise their environmental and social responsibilities.

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