

Green Banking Initiatives in India: A Study of Selected Indian Banks

Dr. Prem Parihar

Associate Professor in EAFM, Government Commerce College, Sikar, Rajasthan, India

ABSTRACT

These days **Go Green** mantra is applicable in all sectors in India. So the banking sector introduced the new concept of Green Banking in banks. The concept of green banking consists of two terms: **green** is related to the protection of the environment and **banking** is defined as the act of using the services of a bank, therefore, green banking is considered to describe everything that connects the entire economy and the aspects related to environmental protection. Now the bank will move from the traditional banking system to modern banking. Banks have an important role in promoting overall sustainable development. A Green Bank is a normal bank, which considers all the social and environmental factors that aim at protecting the environment and conserving natural resources. Green banking promotes environmental-friendly practices and reduces the carbon footprint by using online banking instead of branch banking. **SBI** is focused on its environmental initiatives such as lending at concessional rates for renewable energy projects, establishing digital banking platforms, implementing energy conservation initiatives like setting up of solar ATMs across India, waste management, reducing paper and water consumption, reducing greenhouse gas emissions etc. **HDFC** bank has been focused environmental concerns and measure its greenhouse gas emission since 2010. Bank is committed to utilize renewable energy in its business operations. The main objective of this paper is to know about the initiatives taken by the **SBI (Indian Public Sector Bank)** and **HDFC Bank (Indian Private Sector Bank)** regarding green banking activities.

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KEYWORDS: green banking,
sustainable development, SBI, HDFC
bank

INTRODUCTION

These days **Go Green** mantra is applicable in all sectors in India. So the banking sector introduced the new concept of Green Banking in banks. The concept of green banking have two terms: **green** is related to the protection of the environment and **banking** is defined as the act of using the services of a bank. Green banking is considered to describe everything that connects the entire economy and the aspects related to environmental protection. Now the bank moved on from the traditional banking system to modern banking. Banks have an important role in promoting overall sustainable development. A Green Bank is a normal bank, which considers all the social and environmental factors that aim at protecting the environment and conserving natural resources. Green banking promotes environmental-friendly practices and reduces the carbon footprint by using online banking instead of branch banking.

Objectives-

In this study research objectives are as follows: -

1. To study the Green banking initiatives of SBI and HDFC bank.
2. To study the conceptual framework and institutional framework of green banking initiatives in India.
3. To examine and compare the performance of green banking initiatives undertaken by selected public and private sector Indian banks.

Research Methodology

It is descriptive based study. The data is collected using secondary methods of data collection through Literature review, published books, magazines, newspapers, articles, from Sustainability report of SBI for the year 2023-24 and Sustainability Report of HDFC bank for the year 2023-24.

Literature Review-

Dr. B.S. Sevela 2020 in the research paper **A comparative study on eco-friendly practices through banks analyses** that With the reduction of paperless technology innovation have highlighted its appearance with introduction to biometrics acting as security for lockers in banks instead of locks and databases for storage of files eliminating the huge files for the records of past and future history and online passbook updates etc. They follow environmental standards for lending, which is really a good idea and it will make business owners to change their business to environmental friendly which is good for our future generations. Even the banks coming up with the implementation of other natural resources for the betterment of banks naturally without polluting the scenario. A green banking leads to the comfortable lives without wastage of resources.

Prof Olekar R.O. and Shailaja D. (2021) in the article **Green banking Practices in India as an environmental perspective- with reference to SBI and ICICI** discussed that Green banking helps to reduce external carbon emissions and internal carbon footprint though online mode of banking. In Green banking everything is online, so it helps to reduce use of paper nothing but reduction in the cutting down of trees for paper manufacturing etc. helps to protect

environment. Here both selected banks playing a pivotal role in implementing the Green Banking. Both banks are adopting new green initiatives and also financing so many green projects towards the development of economy.

R. Chaya and J. Rakshita (2023) in the article **A study on green banking initiative in the public and private sector banks of India** expressed that the public and private sector bank's efforts to promote green banking have gradually shifted away from e-banking and toward more effective environment management which includes waste recycling, water treatment facilities, rainwater collection, the use of solar-powered equipment, and the construction of green structures etc. These activities are all part of the bank's ongoing effort to reduce its environmental impact.

State Bank of India-

State Bank of India (SBI) is the oldest commercial bank in the Indian banking system. its contribution to Sustainable Development Goals. SBI helping India achieve the 2030 agenda for sustainable development laid down by the United Nations. The Bank has come up with several products and services that can help support India's commitments.

Initiatives/solutions to Improve Resource Efficiency or Reduce Impact due to Emissions-

S. No	Initiatives Undertaken	Details of initiatives	Outcomes of Initiatives
1	Paper saving	The Bank's flagship application has been a key driver in digital journey leading to paper savings through digitilisation of various processes	6.3 million digital loans have been disbursed by the Bank, resulting in saving 88.42 million pages
2	Rainwater harvesting	The Bank has installed rainwater harvesting measures at 538 locations	The initiative has led to water efficiency and use of recycled water for internal use
3	Sewage Treatment Plant	across India manage waste generated by large establishments	27 Sewage Treatment Plants installed across the country
4	wind Power	The Bank owns 10 windmills with an installed capacity of 15 MW (megawatt)	10,050 tCO ₂ e (tonnes of carbon dioxide equivalent) emissions avoided by procuring wind power through open access
5	Green Power through DISCOM	SBI procures green power through open-access DISCOMs at 18 of its large establishments	11,375 tCO ₂ e (tonnes of carbon dioxide equivalent) of emissions avoided by procuring 1.74 crore units of green power
6	E-waste recycling	The Bank ensures safe and responsible disposal of electronic waste generated through its operational activities in conformance with its e-waste policy. The Bank encourages disposal of battery waste under a buyback scheme	36.07 Metric Tonnes of e-waste was recycled and 154.7 Metric Tonnes was given to authorised e-waste vendors

Source- SBI Sustainability Report 2023-24, page no. 88

HDFC Bank-

HDFC Bank introduced its Green Loan product aimed at financing energy-efficient projects and green buildings in year 2016. The bank also began integrating environmental considerations into its credit assessments. In 2021, the bank issued its first Green Bond worth USD 500 million to fund green projects and enhance its sustainability portfolio. This issuance supported various projects related to renewable energy and sustainable infrastructure. HDFC bank is taking up various measures in reducing their carbon footprints in the area of waste management, paper use and energy efficiencies. The bank is encouraging their employees to prevent any wasteful use of natural resources and emission of Greenhouse gasses. They are reducing the use of paper through issuing e-transaction advices to their corporate customers, communicating through electronic media with their high net worth customers and encouraging e-statements to their retail customers.

Initiatives/solutions to Improve Resource Efficiency or Reduce Impact due to Emissions-

S. No	Initiatives Undertaken	Details of initiatives	Outcomes of Initiatives
1	Solar projects	25 solar rooftop installation commissioned so far with a total installed capacity of around 720 kWp (kilo-watt-peak).	631.04 MWh (megawatt-hour) of electricity consumed from the solar rooftop plants, leading to an emission reduction of 451.83 tCO ₂ e (tonnes of carbon dioxide equivalent).
2	Automated Energy Management Solutions	Automated energy management solutions that help monitor energy consumption and control usage have been implemented across 568 branches	Automating energy management has resulted in savings of 16% on electricity, amounting to about 4.19 million units (kwh-kilowatt-hour) during the reporting period.
3	Active Harmonic Filter (AHF)	Static Power Factor solutions implemented across 86 locations through the installation of Active Harmonic Filter to address the correction of power factor and bring in efficiencies at the branch locations	The project was implemented at 86 locations and electricity savings amounted to close to 0.16 million units (kWh-kilowatt-hour) in FY 23-24.
4	Green Power through DISCOM	Procured Green energy at premium tariff from utility provider in order to reduce emissions of the 12 offices	Procured around 2,639.18 MWh worth of electricity under the green tariff arrangement with the DISCOMS during FY 23-24, as a result of which, about 1,889.66 tCO ₂ e emissions were avoided during the year.
5	E-waste recycling	The Bank segregates and recycles dry waste at select large offices. The dry waste from these offices is collected and disposed through authorised vendors who eventually recycle the waste	recycling of 110.58 tonnes of e-waste and 20.51 tonnes of battery waste. The e-waste and battery waste was handed over to authorized recyclers, thus ensuring circularity

Source- HDFC Bank Integrated Annual report 2023-24, page no. 528-567

Conclusion-

Both banks are promoting various green banking solutions and launching new initiatives. Both Banks are implementing digital banking, mobile banking, internet banking, paperless banking and other changes to their everyday operations. Both banks are providing their staff with training on environmentally sustainable development programmes.

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