

Green Banking Initiatives: Growth And Success of Selected Public Sector Banks in Coimbatore

¹Dr. E.Mythily, ²Mrs. M.M.Deepika Devasena

¹Associate Professor & Head, Department of Commerce (CMA), PSG College of Arts and Science, Coimbatore,

¹Corresponding Authors Email Id: hodcommercecmaua@psgcas.ac.in,

²Research Scholar, PG & Research Department of Commerce, PSG College of Arts and Science, Coimbatore,

²Email Id: deepikasresearch@gmail.com

ABSTRACT

Banks acts as a life changer in various aspects of modern day society and almost all the people have certain kind of banking transactions. In the recent years the upgradation of technology had played a major role in banking industry, further the deployment of sustainable practices in the current context of the global world like green banking services provides huge support in promoting eco-friendliness and most of the banks have adopted it. Post green banking adoption the banks faced various effects on its banking operations, thus the paper focuses on growth and success of top 5 public sector banks after the adoption green banking initiatives. Conceptual design was adopted to explore the performance of banks through secondary information in existence. The growth and success of green banking in India's top 5 public sector banks signify a positive shift towards sustainable and responsible banking practices. These banks are setting an example for the entire Indian banking sector by actively promoting green banking initiatives. As green banking continues to evolve, public sector banks are expected to play an even greater role in shaping a greener future for India.

Keywords: *Green Banking Services, Public Sector Banks, Sustainability*

INTRODUCTION

In recent years, the global financial landscape has witnessed a significant shift towards sustainable practices and environmental responsibility. One noteworthy aspect of this transformation is the rise of Green Banking, a concept aimed at integrating environmental considerations into the financial sector. Green banking is gaining traction globally and India has no exception. Green banking encompasses a range of initiatives aimed at promoting environmentally friendly projects, reducing the environmental footprint of bank operations and raising customer awareness about sustainable practices. As environmental consciousness rises, public sector banks which hold a significant share of the Indian market are increasingly adopting green practices. Public sector banks as a key player in the Indian economy have a significant role to play in driving the growth of green banking. The percentages of holding which are high by government are termed as public sector banks and it is held by Ministry of Finance with the objective of wealth of the society.

Green banking is rapidly gaining traction in India, with public sector banks (PSBs) playing a pivotal role in driving this transition towards a sustainable future. These banks leveraging their extensive reach and government support are implementing innovative initiatives to promote eco-friendly practices and finance environmentally conscious projects. In India, the top five public sector banks have been at the forefront of this green revolution, demonstrating remarkable growth and success in adopting eco-friendly banking practices. This article explores the growth and success stories of the top 5 public sector banks in India's green banking landscape.

REVIEW OF LITERATURE

Kumar, C., Sujatha, K., & Kumar, K. (2022), the study outlines the initiatives, important practices, customer perceptions and challenges associated with green banking's implementation in the country. It provides a comprehensive review of green banking studies and implementation within India. The study's finding is useful for policymakers and researchers focusing on sustainable growth avenues.

Agarwal, S., & Yajurvedi, N. (2022), examines the relationship between green banking, customer satisfaction and bank performance using both primary and secondary datas. It focuses on the potential of green banking to promote a cashless economy and benefiting the environment. This paper results that it is necessary to create a lots of awareness among the

Indian rural and urban customers in implementing and utilizing green banking practices for the well-being of our environment.

Sharma, M., & Choubey, A. (2021), highlights that customers positive perceptions of green banking efforts and banks commitment to green corporate social responsibility (CSR) contributes to its success rate. This paper explores the adoption of green banking by Indian banks through interviews with experts. They discuss the motivations, challenges and benefits providing a qualitative look at the landscape. It found that Indian banks are actively developing green banking products and services, also incorporate green processes into their daily operations. Main challenges include low literacy about green banking and customer hesitancy towards new technologies.

Sharma, K. (2013), discusses about the green projects, energy efficiency and awareness campaigns undertaken by banks. The study focuses on green banking initiatives and its innovative developments in the Indian banking sector. It outlines the opportunities in areas such as carbon credit business development, new financial products and IT-enabled green solutions. Further emphasizes the Reserve Bank of India's (RBI) role in developing green banking policies.

Sahoo, P., & Nayak, B. P. (2007), explores the importance of green banking and showcasing the international experiences to highlight lessons for India. It defines green banking as practices minimizing environmental impact and promoting sustainability. Findings show the potential benefits including new business opportunities, cost savings, reputational enhancement and overall positive environmental impact. It provides policy recommendations to advance green banking practices within India.

STATEMENT OF PROBLEM

Green banking refers to a banking philosophy that integrates environmental and social considerations into its operations and products. Public sector banks play a crucial role in India's financial landscape and their commitment to green banking can significantly impact the nation's sustainability efforts. This study aims to find out the growth of green banking initiatives among the top 5 public sector banks in India.

OBJECTIVES OF THE STUDY

- To know about the green banking initiatives adopted by the public sector banks in India
- To study about the growth and success of public sector banks after the adoption of green banking initiatives.

RESEARCH METHODOLOGY

The present study is based on the secondary data, which explores the growth and success of green banking initiatives in public sector banks. With the use of existing literature, it reviewed the adoption of green banking initiatives in top 5 public sector banks in India which includes SBI, Bank of Baroda, PNB, Canara Bank and Union Bank based on their market capitalization and total assets. To get further information regarding the growth and success of green banking initiatives, secondary sources were collected from articles, reputed journals, highly cited databases, annual reports, sustainability reports, and banks websites. Metrics such as green loan portfolio, energy consumption, number of green products and paper usage will be analysed to assess the growth of their green banking initiatives.

ANALYSIS ON GREEN BANKING

Green banking is an emerging concept that promotes sustainable development and encourages financial institutions to support environmentally friendly practices and projects. This study examines the growth of green banking initiatives in the top five public sector banks (PSBs) in India: State Bank of India (SBI), Punjab National Bank (PNB), Bank of Baroda (BoB), Canara Bank, and Union Bank of India (UBI). Each public sector bank has implemented unique green banking initiatives as listed below:

Top 5 Public Sector Banks and their Green Initiatives:

1. State Bank of India (SBI):

The State Bank of India, being the country's largest public sector bank, has played a pivotal role in promoting green banking initiatives. As the largest public sector bank, SBI has established itself as a leader in green banking by implementing various eco-friendly measures. The bank's commitment to sustainability is evident in its efforts which not only reduce its own

carbon footprint but has also inspired other financial institutions and support projects that contribute to environmental conservation. It offers a comprehensive suite of green products, including:

- **Loans:** Solar power projects, electric vehicle, clean technology, sustainable agriculture and energy-efficient equipment financing.
- **Deposits:** Green fixed deposits with higher interest rates for eco-friendly projects.
- **Bonds:** Green bonds to raise capital for renewable energy projects.

SBI has also undertaken several noteworthy initiatives, such as:

- Installing solar panels at its branches and offices.
- Promoting paperless banking through online and mobile banking platforms.
- Funding the National Clean Energy Fund and green infrastructure projects.
- Energy-efficient LED lighting in its branches.

2. Punjab National Bank (PNB):

Punjab National Bank has embraced the principles of green banking, making significant strides in promoting sustainable practices. Punjab National Bank's commitment to environmental sustainability has not only enhanced its reputation but also contributed to the nation's green development goals. PNB has adopted a multi-pronged approach to green banking, focusing on:

- **Financing:** Renewable energy ventures, energy-efficient technologies, and promote eco-friendly agricultural practices and offer green car loans.
- **Green infrastructure:** Promoting the development of green buildings and smart cities.
- **Financial inclusion:** Providing loans to MSMEs (Micro, Small and Medium Enterprises) for adopting green practices.
- **Green Banking Unit:** Established a separate unit to offer financial solutions for environmental friendly projects.

PNB has also implemented measures to reduce its own environmental footprint, such as:

- Setting up energy-efficient lighting systems in branches.
- Utilizing recycled paper products.
- Organizing awareness campaigns on green banking for customers.
- Reducing paper consumption and promoting digital banking services.
- Adopted sustainable waste management practices.

3. Bank of Baroda:

Bank of Baroda has emerged as a frontrunner in incorporating innovative green banking practices. It has established a dedicated 'Green Banking Unit' to lead the way for its sustainability efforts. The bank introduced Green car loans with attractive interest rates for electric and hybrid vehicles. The bank further offers:

- **Green loans:** For electric vehicles, solar rooftop installations, LED lighting projects, energy-efficient appliances, organic farming and waste management.
- **Green credit cards:** Offering rewards for eco-friendly purchases.
- **CSR initiatives:** Supporting the development of renewable energy sources and promoting environmental education.

Bank of Baroda has successfully integrated social and environmental values into its banking operations. Further it actively finances renewable energy projects including solar, wind and biomass power. The bank has also implemented green branch certifications and actively promotes digital banking to minimize paper usage, using recycled paper and promoting energy conservation.

4. Canara Bank:

Canara Bank has positioned itself as a key player in nurturing sustainable finance within the Indian banking sector. The bank has been pioneered 'Green PSB League' to encourage other public sector banks to adopt green practices. It has actively participated in green banking initiatives by:

- **Financing:** Renewable energy projects, waste-to-wealth ventures, e-vehicles, clean technology adoption and organic farming.
- **Promoting financial literacy:** Educating customers about the benefits of paperless banking and encourage them to adopt green banking products and services.
- **Adopting sustainable practices:** Reducing paper consumption, implementing energy-saving measures and promoting water conservation.

Canara Bank's commitment to sustainability is underscored by its efforts to create awareness among customers about the importance of green banking practices by fostering a culture of environmental responsibility. The bank has also taken steps to reduce its own environmental impact by adopting green technologies in its branches and administrative offices. They have established a dedicated Green Banking Cell and actively participate in environmental awareness campaigns.

5. Union Bank of India:

Union Bank of India has embraced green banking by adopting environmentally sustainable practices and extending financial support to green initiatives. Union Bank of India has made significant strides in green banking through:

- **Financial Assistance:** Renewable energy projects, sustainable infrastructure projects, energy-efficient equipment's and sustainable agriculture practices.
- **Offering green deposits:** Attracting environmentally conscious investors.
- **Promoting paperless banking:** Reducing its reliance on paper-based transactions

Union Bank launched 'Green Term Loan Scheme' to support the adoption of clean technologies by industries. The bank also implements energy-saving measures in its branches and offices. They promote paperless banking and encourage customers to utilize digital banking platforms. The bank's commitment to sustainable banking has contributed to its positive image in the market.

RESULTS AND DISCUSSION

Green banking is a practice that integrates environmental considerations into banking operations which is gaining significant progress in India. While the entire banking sector is witnessing the adoption of green practices, the top five public sector banks (SBI, Bank of Baroda, PNB, Canara Bank and Union Bank) are emerging as frontrunners in this space.

Growth Factors:

Several factors that are contributing to the growth of green banking in public sector banks have witnessed:

- **Expanding Initiatives:** Public sector banks are introducing innovative green banking products and services. This includes green loans, green deposits, and investments in sustainable projects.
- **Increased loan portfolios:** Green financing is witnessing a positive trend, contributing significantly to renewable energy projects such as solar and wind power. Green loans have become a significant contributor to the bank's loan portfolios which raised the customer demand for sustainable solutions.
- **Enhanced brand image:** By adopting green practices and promoting environmental responsibility, public sector banks have strengthened their brand image and reputation. They can differentiate themselves from private players and attract eco-conscious customers and investors.
- **Compliance with regulations:** The Indian government has actively promoted green banking initiatives through various schemes and regulations that encourage public sector banks to take the lead. Adopting green banking practices helps banks comply with evolving environmental regulations and guidelines set by the RBI.
- **Technological advancements:** Continuous advancements in green technologies offer innovative and cost-effective solutions for customers as well as for the banks.

- **Rising Environmental Awareness:** Green banking is helping to reduce banks operational carbon footprints and encouraging eco-conscious practices throughout the sector. Public awareness about environmental issues is increasing. Individuals and businesses are looking for banks that are environmentally responsible.
- **Positive Customer Response:** There is an increased awareness and demand for green banking services among Indian customers, indicating a shift towards responsible banking.

Measuring Green Success:

Evaluating the success of green banking initiatives requires a multi-pronged approach. Here are some key aspects considered in this study:

- **Green Product Portfolio:** The availability of eco-friendly financial products like loans for electric vehicles or renewable energy projects.
- **Green Operations:** The bank's efforts to reduce its environmental footprint through paperless transactions, energy-efficient infrastructure, and sustainable waste management.
- **Social Responsibility:** The bank's involvement in community outreach programs promoting environmental awareness and sustainable practices.

It's important to note that Literature review about the growth and success of green banking initiatives across all top 5 Public Sector Banks is limited. However, here's an overview of green banking efforts in the leading Public Sector Banks in India:

1. State Bank of India (SBI):

- ❖ Launched a dedicated 'Green Channel Counter' in 2010.
- ❖ Offers various green finance products like loans for electric vehicles, renewable energy projects, and energy-efficient appliances.
- ❖ Issued India's first ever green bonds in 2015.

2. Bank of Baroda:

- ❖ Adopted a 'Green Strategy' in 2011, focusing on financing renewable energy and energy efficiency projects.
- ❖ Offers 'Baroda Green Car Loan' and 'Baroda Solar Loan'.
- ❖ Aims to be a leading green bank in India.

3. Punjab National Bank:

- ❖ Launched the 'PNB Green Banking Scheme' in 2010, providing financial assistance for clean technology projects.
- ❖ Offers loans for solar rooftop projects, LED lighting, and electric vehicles.
- ❖ Established a dedicated 'Green Cell' to monitor and promote green initiatives.

4. Canara Bank:

- ❖ Issued India's first ever green infrastructure bond in 2017.
- ❖ Offers loans for renewable energy, waste management, and sustainable agriculture projects.
- ❖ Actively participates in various green financing initiatives.

5. Union Bank of India:

- ❖ Launched the 'Green Banking Scheme', offering financial support for environment-friendly projects.
- ❖ Provides loans for solar power plants, bio-gas plants, and energy-efficient equipment.
- ❖ Aims to contribute significantly to India's green growth objectives.

FINDINGS

Green Initiatives	SBI	BOB	PNB	Canara Bank	UBI
Mobile Banking	✓	✓	✓	✓	✓

Internet Banking	✓	✓	✓	✓	✓
Solar ATM	✓	✓	✓	✓	X
Cash Deposit System	✓	✓	✓	✓	✓
Green Channel Counter	✓	X	X	X	X
CSR	✓	✓	✓	✓	✓
E-Lobbies	✓	✓	X	✓	X
Green Loans	✓	✓	✓	✓	✓
SMS Service Requests	✓	✓	✓	✓	✓
Green Housing	✓	X	✓	X	X
Paperless Transactions	✓	✓	✓	✓	✓

- ❖ All the above mentioned public sector banks contribute towards Green Banking initiatives in their Banking transactions.
- ❖ In common all the banks initiated Mobile banking, Internet banking, Cash Deposit System, CSR activities, Green loans, SMS service requests and Paperless transactions.
- ❖ Solar ATM's were installed by SBI, BOB, PNB and Canara Bank.
- ❖ Except State Bank of India no other banks initiated Green Channel Counters (GCC).
- ❖ Green housing or Green building is promoted by SBI and PNB.
- ❖ E-lobbies/E-lounges were implemented in SBI, BOB and Canara Bank.

Growth is studied under three categories, which includes Number of Branches, Number of Employees and Financial Growth.

Number of Branches, ATM's and Employees:

Bank	Year	Branches	ATM's	Employees
SBI (2007)	2007 – 2008	10186	8460	1,79,205
	2022 – 2023	22404	65627	2,35,858
BOB (2008)	2008 – 2009	2974	1179	36,838
	2022 – 2023	8240	9764	78,122
PNB (2009)	2009 – 2010	4951	3500	56,928
	2022 – 2023	10076	12898	1,04,120
Canara Bank (2011)	2011 – 2012	3600	2858	42,272
	2022 -2023	9706	12130	84,978
UBI (2019)	2019 – 2020	4284	6895	37,318
	2022 – 2023	8580	10835	75,594

Source: Annual Reports of Top 5 PSB's

- SBI implemented green initiatives in the year 2007. The bank had 10186 branches and 8460 ATM's with 1,79,205 employees in 2007-08 and it had raised to 22404 branches and 65627 ATM's with 2,35,858 employees in 2022-23.
- BOB implemented green initiatives in the year 2008. The bank had 2974 branches and 1179 ATM's with 36,838 employees in 2008-09 and it had raised to 8240 branches and 9764 ATM's with 78,122 employees in 2022-23.
- PNB implemented green initiatives in the year 2009. The bank had 4951 branches and 3500 ATM's with 56,928 employees in 2009-10 and it had raised to 10076 branches and 12898 ATM's with 1,04,120 employees in 2022-23.
- Canara Bank implemented green initiatives in the year 2011. The bank had 3600 branches and 2858 ATM's with 42,272 employees in 2011-12 and it had raised to 9706 branches and 12130 ATM's with 84,978 employees in 2022-23.
- UBI implemented green initiatives in the year 2019. The bank had 4284 branches and 6895 ATM's with 37,318 employees in 2019-20 and it had raised to 8580 branches and 10835 ATM's with 75,594 employees in 2022-23.

Financial Growth:

Bank	Year	Capital (₹ in crore)	Deposits (₹ in crore)	Advances (₹ in crore)
SBI (2007)	2007 – 2008	631.47	5,37,404	4,16,768
	2022 – 2023	892.46	44,23,778	32,69,242
BOB (2008)	2008 – 2009	365.52	1,92,397	1,43,986
	2022 – 2023	1035.53	12,03,688	9,40,998
PNB (2009)	2009 – 2010	315.30	2,49,330	1,86,601
	2022 – 2023	2202	12,81,163	8,30,834
Canara Bank (2011)	2011 – 2012	443	3,27,054	2,32,490
	2022 – 2023	1814.13	11,79,219	8,30,673
UBI (2019)	2019 – 2020	3,423	4,50,668	3,46,921
	2022 – 2023	6,834	11,17,716	8,09,905

Source: Annual Reports of Top 5 PSB's

- SBI had a capital of ₹631.47 crore in 2007-08 and increased to ₹892.46 crore in the year 2022-23. The bank's deposits were ₹5,37,404 and advances were ₹4,16,768 in 2007-08, increased to ₹44,23,778 and ₹32,69,242 in 2022-23.
- BOB had a capital of ₹365.52 crore in 2008-09 and increased to ₹1035.53 crore in the year 2022-23. The bank's deposits were ₹1,92,397 and advances were ₹1,43,986 in 2008-09, increased to ₹12,03,688 and ₹9,40,998 in 2022-23.
- PNB had a capital of ₹315.30 crore in 2009-10 and increased to ₹2202 crore in the year 2022-23. The bank's deposits were ₹2,49,330 and advances were ₹1,86,601 in 2009-10, increased to ₹12,81,163 and ₹8,30,834 in 2022-23.
- Canara Bank had a capital of ₹443 crore in 2011-12 and increased to ₹1814.13 crore in the year 2022-23. The bank's deposits were ₹3,27,054 and advances were ₹2,32,490 in 2011-12, increased to ₹11,79,219 and ₹8,30,673 in 2022-23.
- UBI had a capital of ₹3,423 in 2019-20 and increased to ₹6,834 crore in the year 2022-23. The bank's deposits were ₹4,50,668 and advances were ₹3,46,921 in 2019-20, increased to ₹11,17,716 and ₹8,09,905 in 2022-23.

While all five banks have made significant strides in green banking, some variations exist. SBI stands out for its extensive green product portfolio, while PNB focuses on energy efficiency within its operations. BoB and Canara Bank actively promote digital banking and environmental awareness, respectively. Union Bank maintains a balance across various aspects of green banking. These initiatives have resulted in positive outcomes for both the environment and the banks themselves. Continuous policy support, capacity building, public outreach and rigorous research are crucial for the long-term success and widespread adoption of green banking practices in India. Additionally, standardizing green banking practices across all branches and integrating sustainability into core banking strategies are essential for long-term success.

CONCLUSION

Green banking in India shows positive growth trends with increasing initiatives, financing and customer interest. The growth and success of green banking in India's top five public sector banks signify a broader shift in the financial sector towards sustainability. These banks have not only embraced environmentally responsible practices in their operations but have also actively contributed to the nation's green development agenda. As the momentum for green banking continues to build, these institutions serve as inspiring examples for the entire banking industry by proving the financial success and environmental assistance can be healthier. These financial institutions play a pivotal role in fostering environmental consciousness among businesses and individuals while contributing to the nation's sustainable development goals. The commitment of these banks to a sustainable future reflects the growing recognition that the financial sector plays a crucial role in shaping a more environmentally conscious and greener world.

WEBSITES

<https://scholar.google.com/>

<https://www.researchgate.net/>

<https://link.springer.com/>

REFERENCES

1. Agarwal, S., & Yajurvedi, N. (2022). Role of Green Banking In Making India a Cashless & Green Country. *Journal of Positive School Psychology*, 6(4), 10217–10227.
2. Kumar, C., Sujatha, K., & Kumar, K. (2022). Green Banking In India: A Paradigm Shift Towards Sustainable Growth. *International Journal of Advance and Innovative Research*, 9(1(VI)), 148–151.
3. Sahoo, P., & Nayak, B. P. (2007). Green banking in India. *The Indian Economic Journal*, 55(3), 82–98. <https://doi.org/10.1177/0019466220070306>
4. Sharma, K. (2013). Green banking in India: a roadmap to success. *IBMRD's Journal of Management & Research*, 2(1), 229–239. <https://doi.org/10.17697/ibmrd/2013/v2i1/52184>
5. Sharma, M., & Choubey, A. (2021). Green banking initiatives: a qualitative study on Indian banking sector. *Environment, Development and Sustainability*, 24(1), 293–319. <https://doi.org/10.1007/s10668-021-01426-9>