

## **Green Investment among Nationalized Banks in India**

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### **Abstract**

Green investments, these are fundamentally more specific and refer to investing activities aligned with a commitment towards the promotion of environmentally friendly business practices and the conservation of natural resources. The efficient utilization of energy conserves natural resources and promotes sustainable savings. The drastic climate change and the diminishing of non-renewable resources sound for the green revolution or green building. The government and angel investors are putting their hands in mechanisms that conserve resources. They focus on the projects or areas that are committed towards preservation of the environment viz. pollution reduction, fossil fuel reduction, conservation of natural resources, generation of the alternative energy sources, projects related to the cleaning and maintenance of air and water, waste management or any other kind of environmental - conscious practices. The present study primarily aims at exploring the Green banking initiatives taken by the top leading public and private sector banks in India. Secondly, to know about the different green products and services available in the Indian financial markets, their challenges and lastly, the future scope of green finance in India.

**Keywords:** Green investment, Green banking, Non-renewable resources.

### **Introduction**

As the climate right around the world is altering in its weather patterns day by day during a drastic manner, the businesses need to consider investing in nature so as to preserve the natural resources and to form the planet a far better place to inhabit

Green investments are the investments made on nature so as to conserve the natural resources. There are several different advantages of the Green Investments which give the chance for the investors also as for the corporate to boost funds through these investments. Pure-play green investments are investments during which most or all revenues come from green activities. As branding isn't enough to verify a commitment to green initiatives, investors should conduct a radical research so as to make sure that the corporate adheres to desired standards. Therefore, with increasing environmental concerns both at national and global level; it's become important for the finance sector to become aware of these environmental issues. This gave rise to the concept of Green Finance which is an innovation within the field of finance. Green Finance thus involves making investments in environmentally sustainable products and projects which aims at reducing or avoiding greenhouse emission emissions, controlling industrial pollution, water

sanitation, waste management and overall biodiversity protection. It also includes green investments i.e... The stocks, exchange traded funds and mutual funds of the businesses whose operations aims at improving the environment

Opportunities of Green Investments:-

1. Hydropower,
2. wind generation ,
3. solar energy ,
4. Geothermal power,
5. Waste as resource,
6. Pollution Combat.

### **Objectives**

1. To review the type of green financial products and services being offered by Indian markets and their challenges.
2. To know the longer term scope of Green finance in India.

### **Research Methodology**

The research methodology utilized in this paper is predicated on secondary data collected from the secondary sources like articles, research papers, annual reports, sustainability reports, bank's websites, etc.

### **Green Banking Practices of Top Leading India Public and personal Sector Banks**

#### **State Bank of India**

1. Introduction of Green Channel Counter (GCC) facility at their branches in 2010 to market paperless banking and expand it to all or any the branches. (SBI 2014)
2. Collaboration with Suzlon Energy Ltd. to use wind generation as an alternate to thermal power in some branches of Gujarat, Tamil Nadu and Maharashtra by fixing of wind mills.
3. It became member of Carbon Disclosure Project to undertake environmentally sustainable banking practices (WWF – INDIA 2014)

4. Entered into agreement with Export Import Bank of India (EXIM) to supply future loans up to 14 years to a Spanish company Astonfield Renewable Resources and Gurpo TSolar Global SA for building solar plants in India.
5. Employed sizable amount of solar ATMs
6. Interest charged at concessional rates on green projects to encourage reduction of greenhouse emission emissions

### **Punjab National Bank**

1. The bank has well established active CSR Policy catering to the requirements of rural customers and little and micro entrepreneurs. Another major initiative within the area of CSR is 'PNB Prerna.
2. The bank exercises green building practices like energy efficient lights, immediate repair of any water leakages, printing on each side of paper, promoting rain water harvesting and extensively using renewable sources of energy for electricity generation.
3. It organizes Sapling and Tree Plantation programs during the year.
4. It's found out a butterfly park within the compound of Guruvayur temple containing 18 sorts of medicinal plants under an agreement "Green Pledge" signed with Ministry of latest and Renewable energy.
5. Granting of loans to projects being approved by the Pollution control panel ensuring compliance with the social and environmental safeguards including rehabilitation and resettlement of individuals suffering from project
6. Designing of a Sustainable Development policy on the rules issued under Equator Principles.

### **Bank of Baroda**

1. It gives sanction to those projects which are permitted by the Pollution control panel and also they're not extending finance to environmental hazardous substances.
2. The bank has inculcated the practice of paperless banking through use of internet banking, mobile banking and increased number of ATMs.
3. Alterations are made to desktop virtualization, backup consolidation and server virtualization to enhance data centre operational efficiency. This includes energy efficient electrical and HVAC design.
4. Honored with "Global Excellence & Leadership Award" within the category of fifty most talented CSR professionals of India by World CSR Congress in Mumbai in 2014.

### **Canara Bank**

1. it's found out e – lounges for top – tech banking facilities like internet banking, pass book printing kiosk, ATM, online trading, mobile banking and telebanking.
2. The bank has implemented E – HRM policies and procedures within the system.
3. It extends loans to projects which values the utilization of wind energy and solar power to earn carbon credits.
4. At the time of appraisal of projects the bank makes it mandatory for the manufacturing units emitting toxic effluents to put in the water treatment plants and also obtain approval of the central or state Pollution control panel.

### **Kotak Mahindra Bank**

As a neighborhood of its “Think Green Initiatives” the bank has adopted following measures

1. Partnered with Grow – trees.Com to plant one sapling for each e – statement on behalf of its e – statement.
2. it's found out ‘Social Environmental Management System Plan’ formed on the idea of an IFC based sustainable framework and performance standards for evaluating social and environmental risk.
3. Consistent with the rules of Ministry of Corporate Affairs, the bank issues e – copies of annual reports to its customers.
4. The info centers are consolidated into single facility to enhance efficiency in 2009.
5. Installation of rain water harvesting tank within the premises.

### **ICICI Bank**

As a neighborhood of its “Go Green” initiatives following activities are performed:

1. Offering green products and services of Insta-banking and concessional auto loans to the purchasers purchasing cars using alternative sources of energy.
2. Green engagements in sort of partnership with Green theme – CNBC overdrive auto awards, celebration of World Environment Day on June 5 by organizing trees and sapling plantation program and celebrating earth hour per annum by switching off the lights in its premises from 8:30 pm to 9:30 pm. they're also partners with Green Governance Awards found out by BHNS.
3. Green Communications includes promoting paperless banking through encouraging online fund transferring, filing of e-returns, making of e- FDs, online bill payments, demat trading etc.

4. Other initiatives includes organizing Webinars, use of CFL bulbs, carpools and public transportation, developing eco friendly air conditioners etc.

### **Axis Bank**

1. The bank collected the dry waste generated from its head office and 34 branches in Mumbai and recycled it to notepads, notebooks and envelopes. quite 1,00,000 kg of waste has been converted into 12,000 notebooks, notepads and envelopes.

2. The top office at Mumbai has been converted into platinum LEED certified Green Building.

3. Car pooling introduced as a measure to scale back carbon footprints.

4. Communications with customers wiped out electronic form like use of e- statements, mailing the annual reports, internet and mobile banking.

5. Ten solar based ATMs installed in Coimbatore under Independent ATM Deployment (IAD) Model.

### **Future Scope of Green Finance in India**

Environment sustainability being a key issue on worldwide level has increased the scope for investment in green projects utilizing renewable energy resources. Therefore, many banks and financial institutions would anticipate at tapping this growing sector. Thus, there'll be increase in demand for Green bonds and structured green funds. Moreover, investors would get the advantage of diversification from investment in such bonds. this is often true in context of India also as a study of Mc Kinsey & co. found that a probable increase in carbon emissions to five – 6.5 million MT in India might be lowered by 30% to 50% by 2030 by investing in energy efficient technologies in building infrastructure and for this purpose there would be need for a further 600 – 750 billion Euros even after accounting for steep decline in cost of renewable energy technologies. International Finance Corporation (IFC) has taken a step during this regard. it's decided to take a position \$75 million in green bonds issued by Punjab commercial bank Housing Finance Ltd. in 2015. These are secured non – convertible debentures whose proceeds are going to be directed towards the development of Green residential buildings certified by World Bank's EDGE. In India a Council on global climate change |temperature change"> global climate change under the supervision of Prime Minister was constituted in 2007 and reconstituted in 2014 for adaptation and mitigation of climate change. it's launched various programs like National Action Plan on global climate change , Jawaharlal Nehru National Solar Mission, National water Mission, National Mission for Enhanced Energy Efficiency, National Mission on Strategic Knowledge for global climate change , National Clean Energy fund. Other programs like Auto Fuel vision and Policy 2025, Expert groups on Low Carbon Strategies, etc. In 2015 the Green Climate Fund found out under the framework of the United Nations Framework Convention on global climate change (UNFCCC) has accredited NABARD as

National Implementing Entity (NIE) to finance clean energy projects in India. The recent government policies and initiatives which have increased the scope of Green financial products in India are as follows:

\* India's National Action Plan on global climate change recommended that country should generate 10% of its power from renewable energy resources by 2015 and 15% by 2020. Of India's installed power generation capacity of two, 55,012.79 megawatt (MW), and renewable power features a share of 12.42% or 31,692.14 MW which shows that there exists an enormous scope for investment during this sector.

\* The Ministry of latest and Renewable Energy (MNRE) has revised its targets for energy capacity to 1, 75,000 MW till 2022, comprising 1, 00,000 MW solar, 60,000 MW wind, 10,000 MW biomass and 5,000 MW small hydro. These revised targets demand an enormous investment. Since, the sanctioned budget wouldn't suffice so MNRE has asked the general public and personal sector financial institutions like Power Finance Corporation (PFC), Rural Electrification Corporation (REC), Indian Renewable Energy Development Agency (IREDA), IFCI Ltd, SBI Capital Markets ltd and ICICI bank ltd to boost funds.

\* The finance ministry has increased the clean energy cess on coal by Rs.100 per metric tonne to fund clean environment initiatives. The scope of National Clean Energy fund (NCEF) has been expanded to incorporate financing and promoting clean environment initiatives and fund researches towards that end.

\* The Government has also proposed the utilization of renewable energy resources in railways sector. It includes use of CNG in train operations, fixing of water recycling plants, use of solar power to illuminate coaches, station buildings and platforms. there's also a proposal to vary the planning of locomotive cabin to scale back the background level .

\* Other initiatives on a part of government includes its plans for creating a solar army, providing risk capital to ambitious solar energy generation projects and fixing of solar parks totaling 20,000 MW over a period of 5 years.

\* Indian Innovation Lab, a replacement initiative of MNRE aims at bringing the general public and personal leaders on common platform to develop innovative instruments that might mitigate risks and direct more investment for green growth in India. it's launched four winning ideas: Loans for SME, Rooftop Solar Private Sector Financing Facility, P 50 Risk solutions and Renewable Energy Integrated Hedging, Equity and Debt fund.

## **Conclusion**

Thus, it are often concluded that India features a great potential to make a green infrastructure needed for green finance by overcoming the barriers and creating awareness among the company citizens.

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